FINANCIAL TIMES

No. 29,960

Saturday June 21 1986

UK 40p U.S.A. $1.00
Canada C$1.00 Bermuda $1.50

WORLD NEWS

US accuses Soviet envoy of spying

Soviet diplomat Col Vladimir Izmaylov, air attache at the Soviet Embassy in Washington was arrested as a spy by the FBI.

The 43-year-old diplomat was caught in a trap sprung with the help of US Air Force officer who pretended to be selling secrets.

Stonehenge arrests

Nearly 200 hippies were arrested 10 miles from Stonehenge as police acted to stop a banned summer solstice festival at the monument.

Walk-outs over GCHQ

Civil servants in many parts of the UK walked out in protest at the decision to cut the pay of some union members at Government Communications Headquarters. Page 7

Bomb plot acquittal

Glasgow electrician John Boyle was cleared by an Old Bailey jury of providing a base—a £16-a-week flat—for an IRA bombing onslaught on mainland Britain.

US summit hopes

The US is hoping that the Soviet Union will shortly signal its willingness to start formal, preparatory talks for a summit meeting between the two countries. Back Page

Capital punishment plea

MPs were urged to reconsider the extension of the death penalty to terrorist offences in a Commons motion signed by 64 Tory MPs. The motion calls for a debate on the issue.

Greenpeace protest

Three Greenpeace climbers scaled a 110 ft waste disposal gantry at Easington Colliery in County Durham to protest about beaches polluted by waste from mines in the area.

Hijack trial suspended

The trial in Genoa of three Palestinians accused of hijacking the Italian liner Achille Lauro last year was suspended after a row among the defendants.

Peru guerrilla dies

A woman guerrilla was killed when a mortar exploded as she was aiming it at a conference centre where a Socialist International meeting is being held.

Philippines mass grave

Philippines soldiers found a mass grave containing the remains of at least 28 suspected informers executed by communist rebels, a military commander said. Coup rumours, Page 3

Badgers get a break

British Rail is to cut six gaps in the live conductor rail on its newly-electrified Tonbridge to Hastings line to stop badgers being electrocuted.

TV soccer talks fail

Talks to avoid Sunday's England v Argentina World Cup match being shown simultaneously on BBC and ITV failed. Page 5: No crying in Argentina, Page XVI

England hit back

England struck back in the second Test at Headingley, taking five Indian second innings wickets for 70 runs. England had been bowled out for 102 (Binny 5 for 40) in reply to India's 272.

Louise's bacon saved

Louise, the drug-sniffing German police pig has been reprieved and given back her job after intervention by the Greens party in Lower Saxony. She was suspended because of fears that she was bad for the police image.

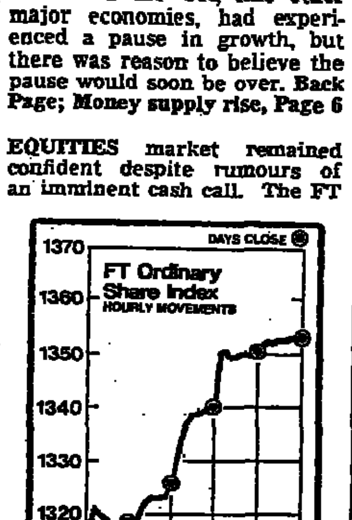
BUSINESS SUMMARY

Lawson optimistic on growth

BRITAIN'S economic growth this year is unlikely to match earlier Government forecasts, Nigel Lawson, the Chancellor, told the Welsh Conservative Party conference in Porthcawl.

He said the UK, like other major economies, had experienced a pause in growth, but there was reason to believe the pause would soon be over. Back Page; Money supply rise, Page 6

EQUITIES market remained confident despite rumours of an imminent cash call. The FT



Ordinary Share Index closed 3.4 higher at 1,353.4, showing a rise of 52.3 over the past seven trading sessions. Page 13

TOKYO shares soared as institutional investors continued to switch funds from the bonds market. The Nikkei market average rose 125.54 to a second consecutive record of 17,403.13. Page 12

LLOYDS BANK was told that its £1.2bn hostile bid for Standard Chartered would not be referred to the Monopolies and Mergers Commission. Back Page

BANK OF SCOTLAND agreed to pay £16.8m for Commercial Bank of Wales, founded 14 years ago by financier Sir Julian Hodge. Page 10

MORGAN GRENFELL comes to the stock market next week boosted by a change in its reporting pattern which reveals a sharp rise in published pre-tax profits. Back Page

BOILERMAKERS' Union, GMBU, offered an industrial relations package to tightly-staffed high-tech companies. Back Page

COAL BOARD won High Court approval to change its bargaining machinery to reflect the emergence of the breakaway Union of Democratic Mineworkers. Page 7

SINGAPORE offered tax relief to multinationals setting up regional headquarters covering South-east Asia. Page 3

ENVIRONMENT Secretary Nicholas Ridley hinted that the Government might write off some of the North-west Water Authority's debt before privatisation. Page 4

TRANSPORT Department has told urban transport authorities that spending must be cut sharply over the next two years. Page 4

NATIONAL Semiconductor of US reported a net loss of $91.5m (£61m) for fiscal 1986. In 1985 it made profits of $43.2m. Page 11

MALAYSIA'S biggest tin miner, Malaysia Mining Corporation, is expected to take a 20 or 30 per cent stake in Promet, which builds oil rigs. Page 11

GRAND MET plans to sell its Belgian brewing offshoot for BFr 1.95m (£28.5m) and withdraw from brewing in continental Europe. Page 10

EMESS Lighting raised its bid for Rotaflex by more than 40 per cent to £52m and declared it final. Page 10

McDonnell Douglas and Boeing win $2.75bn airliner order

BY HUGH CARNEGY IN SHANNON AND LYNTON McLAIN IN LONDON

BOEING and McDonnell Douglas of the US have between them won the largest order for civil aircraft ever placed in Europe. The $2.75bn (£1.83bn) deal involves 96 airliners for GPA, the Irish aircraft lease company.

The total includes the value of the airliners' engines.

The order involves 51 Boeing 737-300s, 30 Boeing 737-400s and 5 McDonnell Douglas MD-83s. In addition it is taking options on 10 MD-80 aircraft. All are twin -jet-engined aircraft for short- to medium-range operation, with up to about 50 passengers.

The result will be almost to double the GPA fleet of jet airliners, bringing it to 187 aircraft over the next five years and making the company the largest aircraft-leasing company in the world in terms of crtf owned for leasing to airlines.

It illustrates the growing trend among airlines to lease, not buy, aircraft to spread costs and risks.

GPA estimates that about 12 per cent of the world's 7,000 commercial jet airliners are leased and expects the proportion to grow to about 20 per cent by 1991. Its aim is to have about a fifth of that business.

Existing customers include Monarch Airlines in the UK and airlines in Africa and South America, notably Brazil and Peru.

The company, which started life in 1975 as Guinness Peat Aviation, backed by Guinness Peat, the merchant bank, and Aer Lingus, the Irish national flag-carrier airline, has no customers for any of the new aircraft.

But Mr Maurice Foley, managing director, said the order was "entirely realistic in relation to demand in the civil aviation industry."

Mr Tony Ryan, chairman, a former Aer Lingus executive, said GPA was also in negotiation with Fokker of the Netherlands on possible orders for the Fokker F-100 twin jet airliner, and with Airbus Industrie, the European consortium manufacturer, over the Airbus A320, also a twin jet

In April GPA raised $125m through a private equity placing with British, American and Japanese institutions, trebling its equity and giving it the financial base for its five-year expansion programme. The institutions involved included the Long-Term Credit Bank of Japan, Prudential Insurance of the US, General Electric Credit Corporation of the US, First Boston of the US and Morgan Grenfell of Britain.

Its other major shareholders are Air Canada, Guinness Peat Group, Mitsubishi Corporation, Kawasaki Enterprises and Aer Lingus. Mr Ryan himself has a 9 per cent stake.

The Boeing 737-300 aircraft are to be powered by CFM 56-3 engines made by the Franco-US partnership CFM International, owned by Snecma of France and General Electric of the US.

GPA has not decided which engine to put on the Boeing 737-400 airliners, but said that the choice lay between the five-nation International Aero Engine consortium's V2500 and the CFM 56-3.

The McDonnell Douglas aircraft are available with the Pratt and Whitney JT8D-219 engines, but McDonnell Douglas said the MD-80 series could be retrofitted with advanced propeller engines being developed by US and UK aero-engine companies.

GPA's main rival in the aircraft leasing business is International Lease Finance of California. The US corporation operates slightly fewer aircraft but has a larger asset base, GPA said.

Mr T. Wilson, chairman of Boeing, who was at GPA headquarters at Shannon Airport for the announcement yesterday, said: "Leasing is an important new wave in the aircraft industry."

"We do see this as a way of life now, not exclusively, but it has very attractive advantages from our ultimate customers' standpoint."

S. Africa close to toughening security law

BY ANTHONY ROBINSON IN JOHANNESBURG

THE PRESIDENT's Council, the senior South African policy advisory body, last night approved amendments to the security laws which would allow the Government to retain sweeping powers, even if the present state of emergency were withdrawn.

The development came as leading business people stepped up criticism of government policies, and as unrest continued in several parts of the country. Five more black people were reported killed.

The council's approval of amendments to two internal security laws would give Mr Louis le Grange, Minister of Law and Order, authority to declare any part of the country an "unrest area" and detain people without trial for up to 180 days.

The amendments had been rejected this month by Coloured (mixed-race) and Indian members of the tricameral parliament. This meant they could not be put on the statute book in time for the 10th anniversary on Monday last of the uprising in the black township of Soweto, near Johannesburg. The Government introduced instead a State of emergency for the whole country.

The Minister's new powers mean many parts of South Africa could be placed effectively under emergency law without the stigma and publicity of a formal proclamation. President P. W. Botha is expected to sign the council's aproval of the amendments into law immediately, which could pave the way for the present State of emergency to be lifted.

Black workers continued sit-ins and stopages yesterday, in protest against arests of trade union leaders. Mr Mike Sander — managing director of AECI, the joint venture of Imperial Cheminical Industries of Britain and the Anglo-American Corporation, which is South Africa's largest corporation — condemned "the heavy-handed belligerent approcah" of the Government.

Those detained were very often those least believed to ba threat by labour relations officials, he said. Companies had been left in the dark about the whereabouts of "important figures necessary to the smooth running of their operations."

The managements of six leading retail chains hit by strikes were still trying to meet Mr le Grange yesterday. The Chamber of Mines, which yesterday held a further round of wage negotiations with the black National Union of Mineworkers, also criticised the Government's actions. Mr Cyril Ramaphosa,

Continued on Back Page

UK argues for pressure on business community

BY PETER RIDDELL, POLITICAL EDITOR

THE BRITISH Government is arguing, in current international discussions, that any measures against South Africa should be limited to those which would influence the business community and others in the country to persuade the Pretoria regime to open genuine negotiations with the leaders of the black community.

The British lineis to resist any rash denouncement, in the hope of securing agreement, not only within the EEC after its heads of government have met next Thursday and Friday, but also—and especially—with the US and Japan.

Meanwhile, a row is brewing over the proposed visit next week to South Africa of Mr Denis Healey, the shadow foreign secretary, and Mr Donald Anderson, his deputy. The South African Government told them yesterday that it would be most "inopportune" for the visit to go ahead at such a delicate time. Mr Healey, however, still plans to visit.

Ministers are playing down speculation about a final decision on sanctions at the EEC meeting in The Hague, in view of the need to obtain general international approval.

Among the options being considered are restrictions on international air travel to South Africa and limitations on new investment there. However, the emphasis throughout the discussions is on measures to provide an incentive for further talks, rather than for measures which would greatly affect the South African economy in the short term.

The British Government remains confident that West Germany and France will back a further tranche of limited measures, rather than support general economic sanctions.

There are also considerable domestic pressures on the British Government on the issue, leading to a preference by some ministers to delay announcing detailed measures until after Parliament has risen for the summer recess and until after the Commonwealth Games in Edinburgh. Both

Continued on Back Page

Radiation brings curbs on slaughter of sheep

BY STEFAN WAGSTYL, KEVIN BROWN AND ANNA HEALY FEN TON

THE GOVERNMENT yesterday imposed a 21-day ban on the movement and slaughter of sheep in parts of north Wales and Cumbria after finding above-normal levels of radiation in young lambs in the wake of the Chernobyl nuclear disaster.

The Isle of Man authorities followed with a temporary ban on lamb slaughtering, which they hope will last only a week.

The lambs have been found t contain traces of radioactive caesium which was deposited in heavy rain on May 2 and 3 when clouds of dust emanating from the blazing Chernobyl reactor passed over the UK, the Ministry of Agriculture, Fisheries and Food said yesterday.

However, ministers were quick to add that there was no reason for concern about the safety of lamb on sale in shops. Mr Michael Jopling, the Minister of Agriculture, told the House of Commons in a statement: "We have taken this step as a precaution in order to ensure that any lambs which will be coming on to the market in July, August and September can be properly checked."

About 2.4m sheep and lambs are affected by the bans—well under 10 per cent of the UK total. But the meat trade is anxious that shoppers might become alarmed just as the market for home-produced lamb races its peak. Mr Alan Dann, general manager of Dewhurst, the butchers' chain, said: "It all depends on what the newspapers say."

The ministry said that 16 lambs out of about 100 tested in the affected areas were found to have more than 1,000 becquerels of radiation a kilogram of meat—and "action" level set by the ministry—which compares with a 10,000 bq/kg safety level accepted by the International Commission for Radiological Protection. Becquerels measure the cumulative radiation dose in biological tissue.

The ministry's highest reading was 4,000 bq/kg. The ministry said that one or two of the lambs with high readings had already been slaughtered for sale so it was possible that a few other animals with similar radiation doses had been marketed. However, ministers stressed the levels were well within safety limits.

Mr Nicholas Edwards, the Welsh Secretary, said that if someone ate a freezer-full of contaminated lamb, he would still receive no more than a safe annual dose of radiation.

Mr Jopling said radiation levels were now falling and he did not anticipate any need for destroying animals. Monitoring of all foodstuffs would continue throughout the country. Compensation for farmers with serious losses was being discussed.

Mr Simon Gourlay, president of the National Farmers' Union, said farmers would co-operate fully with the government. Farmers in Wales saw the ban as a "severe blow," especially coming during a "Fresh food from Wales" marketing campaign.

In the Commons, the Government was attacked by Mr Brynmor John, the Shadow agriculture spokesman, who said the announcement was bound to cause public alarm because of the ministry's complacency about the effects of the Chernobyl accident on the food chain.

Background, Page 4

Chernobyl accident sparks East German anti-nuclear petitions, Page 3

Turner and Newall bid for AE

BY DAVID GOODHART

TURNER AND NEWALL, the UK mining, automotive and engineering group which came close to collapse in the early 1980s, yesterday paraded its new-found health with a surprise £196m bid for AE the motor components group.

However the market did not take the bid too seriously, at least on its current terms, and Turner and Newall shares closed down 9p at 227p with AE up 57p at 239p on the expectation of another bidder emerging.

Mr Colin Hope, Turner and Newall managing director, said there was clear industrial logic in a merger, with both companies sharing technology and customers in the manufacture of automotive and engineering components and specialised industrial materials.

A merger would also give further impetus to Turner's long-term shift away from its mining roots and its dependence on Africa and India. If the bid was successful it would mean 75 per cent of the turnover of the combined group coming from the US and Europe, including the UK.

Turner and Newall, which reported pre-tax profits of £34.2m on turnover of £535m in 1985, backed up the offer with a dividend forecast of not less than 7.5p for 1986—a 50 per cent increase over 1985. It is advised by Rothschilds.

AE, which reported pre-tax profits of £26.3m on turnover of £383m in 1985, was informally approached 10 days ago by Sir Francis Tombs, the Turner chairman, but firmly rejected his suggestion.

Yesterday the board said: "The bid is unsolicited, unwelcome and wholly inadequate. It is currently worth 196p a share, a mere 12p above the market price immediately before the offer was announced and now more than 40p below the current price."

The offer comprises six new Turner shares and £6 in cash for every 10 AE shares. If it is accepted in full, it would mean Turner issuing 59m new shares (about 30 per cent of the enlarged share capital) and the payment of £60m in cash. The company raised £47m in a rights issue in April.

A successful deal would take Turner's gearing back over 40 per cent, but nowhere near the peak of £184m debt which was hit in 1982 before a "financial lifeboat" was launched under the guidance of Sir Francis.

AE, advised by Hill Samuel, has been the centre of bid speculation for some time, particularly since the announcement of disappointing interim results last month. It was saved from takeover by GKN in 1983 by the Monopolies and Mergers Commission. GKN or General Motors were being suggested by some brokers yesterday as the next possible bidders for AE.

Background, Page 4

MARKETS

DOLLAR
New York lunchtime:
DM 2.2075
FFr 7.172
SFr 1.8425
Y167.9
London:
DM 2.2045 (2.232)
FFr 7.1025 (7.125)
SFr 1.8445 (1.839)
Y167.7 (166.85)
Dollar index 116.1 (115.9)
Tokyo close Y167.4

US LUNCHTIME RATES
Fed Funds 6⅞%
3-month Treasury Bills: yield: 6.29%
Long Bond: 97
yield: 7.55%

GOLD
New York: Comex Aug latest $346.6
London: $341.0 ($340.0)

STERLING
New York lunchtime $1.4985
London: $1.5 (1.504)
DM 3.3675 (3.3575)
FFr 10.475 (10.715)
SFr 2.769 (2.765)
Y251.5 (251.0)
Sterling index 75.7 (75.6)

LONDON MONEY
3-month interbank:
closing rate 9⅝% (9⅝)

NORTH SEA OIL
Brent 15-day July $11.60 (11.75)

STOCK INDICES
FT Ord 1,353.4 (+3.4)
FT-A All Share 806.6 (+0.4%)
FT-SE 100 1,637.2 (+7.6)
FT-A long gilt yield index:
High coupon 9.48 (9.46)
New York lunchtime:
DJ Ind Av 1,862.75 (+6.89)
Tokyo:
Nikkei 17,403.13 (+125.54)

Chief price changes yesterday, Back Page

CONTENTS

For London market and latest share index 01-246 8026; overseas markets 01-246 8066

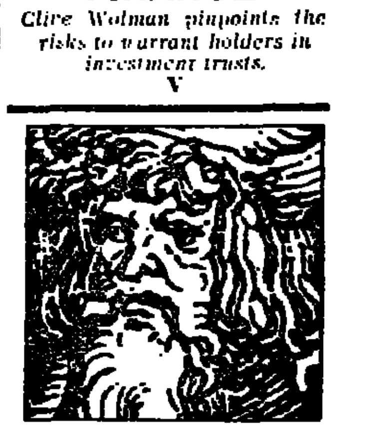
WEEKEND FT

MERCHANT BANKS

British merchant banking families have always sharpened their patrician wits on change. But can they adapt to the Big Bang? I

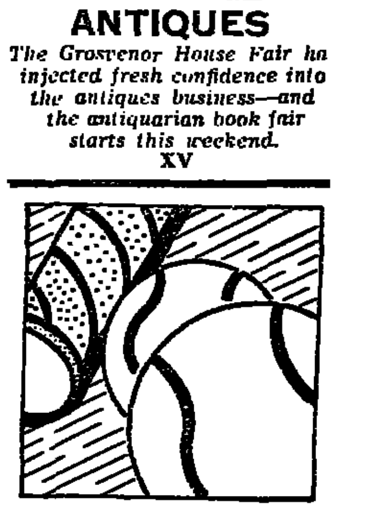
FINANCE

Clive Wolman pinpoints the risks to warrant holders in investment trusts. V



ANTIQUES

The Grosvenor House Fair has injected fresh confidence into the antiques business—and the antiquarian book fair starts this weekend. XV



TENNIS

Anyone for Wimbledon? The 100th tournament begins on Monday. XVI

CONTINENTAL SELLING PRICES: Austria Sch 20; Belgium BFr 45; Denmark [illegible]; France [illegible]; W Germany DM 2.20; Ireland 60p; Italy L1,500; Malta 30c; [illegible] Portugal Esc 90; Spain Pta 125; Sweden [illegible]

Peru jail revolt comes to a bloody end

By Robert Graham

The Peruvian Government yesterday claimed to have gained control of the three Lima prisons after bloody battles with leftist inmates that left at least 250 dead. The full extent of casualties could not be confirmed, but government officials said that earlier reports of up to 400 dead were exaggerated.

This is the worst incident of its kind in recent Latin American history and senior members of the government of President Alan Garcia were yesterday attempting to divert any criticism for using excessive force. The officials said that the trouble had been deliberately fomented by the Maoist group Sendero Luminoso (Shining Path) to embarrass the government to coincide with the holding of a meeting of the International Socialists in Lima. Troops stormed the prisons only after the Sendero prisoners had rejected negotiation.

Visit cancelled

In response to the bloody events, the Norwegian Prime Minister, Mrs Gro Harlem Brundtland, cancelled a planned visit to the Lima meeting, due to begin today. The Norwegian Premier was already in Venezuela. This left only three Prime Ministers due to attend: Mr Bettino Craxi of Italy, Mr Kalevi Sorsa of Finland and Mr Carmelo Bonnici of Malta.

The Peruvian Government decided to move into the El Fronton, Lurigancho and Santa Barbara jails after mounting public concern that Sendero prisoners were flouting authority by turning them into their own fortresses. In an apparently co-ordinated mutiny on Wednesday, rebels took nine hostages. After a top level peace commission failed to make any headway in negotiations, President Garcia ordered in marines.

Bows and arrows

The Lurigancho and Santa Barbara prisoners were subdued on Thursday morning but fighting at El Fronton raged all day. El Fronton is a barred island off the capital's port of Callao. Imprisoned Sendero guerrillas fought with guns, explosives and hand made bows and arrows. Among the dead were members of the security forces including three naval officers.

Sendero Luminoso has been waging a vicious guerrilla war since 1980 which has gradually spread from rural Peru to the capital Lima.

Stewart Fleming meets a Boston brewer with a zealot's passion for authenticity

How Mr Wrigley aims to fill the taste gap

A CLUSTER of old beer bottles stands on a shelf in the corner of Mr Richard Wrigley's offices in the centre of Boston, a mute tribute to a forgotten past when Bostonians could quench their thirst with a brew which would stimulate their taste buds, not freeze them, Stewart Fleming writes from Boston.

"There isn't a single brewery left in the State of Massachusetts left in the State of Massachusetts," the cherubic 39-year-old head of the newly-founded Commonwealth Brewing Company remarks as he runs down the list of defunct brewers whose bottles he has collected at local flea markets and junk shops . . . Hollihans Ale, Harvard Ale, Boston Light and Hampden Mild ". . . 'mild but sturdy'" says the advertising slogan.

This is about to change. Having run the gauntlet of the state's brewery licensing regulators—who insist that only so-called "farmer brewers" can both brew and sell beer on the same premises, Mr Wrigley is about to open a combination restaurant and brewery in the heart of the city.

Downstairs in the basement of the refurbished office block, Mr Wrigley lifts the lid on a wooden fermenter and the pungent smell of real ale fills the atmosphere.

In an adjacent room, from a wooden firkin he draws a small glass of dark liquid, a few kegs of which are to be drunk at this week's graduation ceremonies at Harvard University. "This is not a normal beer by any standards," he says of a brew which is an attempt to reproduce exactly the beer brewed in England at the time the Mayflower sailed to America.

Mr Wrigley is part of a growing band of brewers in America, most of them in California, who are setting up what some are calling boutique or designer breweries, to produce beers to fill the taste gap left by the bland iced lagers of America's megabrewers such as Miller and Budweiser which have swamped the regional breweries.

The new real ale brewers are minute by comparison with the market as a whole. Mr Wrigley's Commonwealth Brewing, one of the more sophisticated operations, will have a capacity of no more than 2,500 31-gallon barrels a year.

But the national brewers, who first had to face competition from imports when demand for premium beers surged, have already begun to react to the real ale market. Coors, a medium-sized brewer with national ambitions, has introduced Killians Irish Red, Miller has Plank Road Keg, named after the street where its original brewery was located, and Miller Real Draft.

Commonwealth Brewing is an altogether different concept, for Mr Wrigley has a puritan's sense of what the word "real" means and a zealot's passion for authenticity.

An Englishman who left school when he was 16, Mr Wrigley is having a replica of the original horse-drawn London omnibus built to shuttle customers from mid-town Boston to his tavern. The shuttle will be drawn by six Shire horses.

With the support of Mr Gus Schumacher, Massachusetts Agriculture Commissioner, Dr Wrigley is involved in a University of Massachusetts research programme to see whether barley of brewing quality can be grown in the state. He wants to create a working farm-museum where the whole beer production and bottling process will be carried out. He is launching a brewery-cum-restaurant-cum-music hall in New Orleans, modelled on a French beer hall, and a brewery in San Francisco.

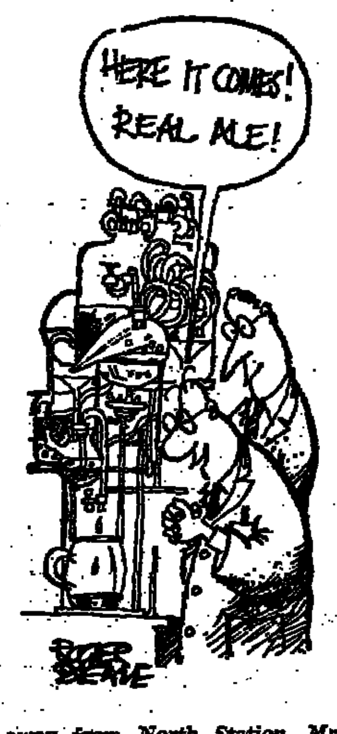
The model for these ventures is the Manhattan Brewing Company in Soho district of New York which he founded but which he sold last year when he decided that he was "burnt out" with New York and moved to Boston.

The Manhattan Brewery, which opened in 1984, was his first venture into the brewing business. After leaving school, he spent the best part of 20 years on ventures which appealed to his fancy, including winning the Daily Mail Round the World race in 1978 and setting up Skate City, Britain's first skateboard park.

Of the decision to start a brewery in New York he says: "I had a sense that there would be a tremendous response to the idea of bringing back a traditional industry to the city."

He insists that he wanted to do it in a traditional way with nothing fake. That approach is being repeated in Boston, where copper brewing kettles dominate the restaurant.

Even his prospective customers have to be real. Not for Mr Richard Wrigley a transitory yuppie clientele. Instead, the site of the Commonwealth Brewing Operation is just a few hundred yards away from Boston's famed Garden where the renowned Celtics basketball team — perhaps the best team in the game's history — play.



In this district, a few blocks away from North Station, Mr Wrigley says he thinks he can build up a customer base, at least half of whom will be regulars, people who will allow his tavern to become a part of the local community — not just a curiosity on the tourist trail.

Beirut hostage release hopes fail

HOPES that two French hostages would be released in Beirut collapsed last night after officials here said the French ambassador in the Lebanese capital had returned empty-handed from a hotel rendezvous, Reuter writes from Paris.

Mr Christian Graeff, the ambassador, telephoned the French Prime Minister, Mr Jacques Chirac, after returning without any of the hostages from a rendezvous at the Beau Rivage Hotel in the Moslem west of the city, an aide to Mr Chirac said.

There had been unconfirmed reports that two French hostages were to be released.

Nora Boustany writes: There are at least nine French nationals missing in Lebanon. The shadowy Islamic Jihad ("Holy War") claimed the abduction of two diplomats, Mr Marcel Carton and Mr Marcel Fontaine in March last year.

The four French TV journalists from the Antenne-2 network were seized by bearded gunmen last March 8 while driving back from a rally of the fundamentalist Hizbullah ("Party of God") in the mainly Shia suburb of Bir-al-Abed.

Last month, a Frenchman, Mr Camille Sontag, aged 84, was kidnapped while driving along a seafront avenue with his wife.

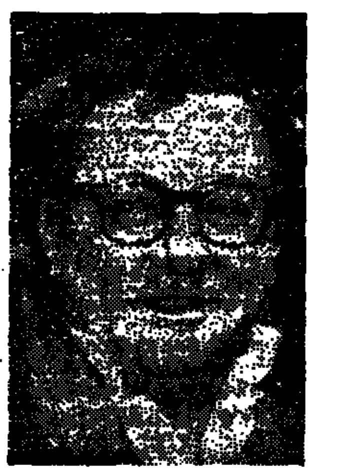
On March 5, Islamic Jihad announced the execution of a French sociologist, Mr Michel Seurat, kidnapped together with a French journalist Mr Jean-Paul Kaufmann on May 22, 1985, on their way into the city from Beirut airport.

Movement in the hostage crisis has been accompanied by a rapprochement between Paris and Tehran based on a revision of France's policy on the Iraq-Iran war from total support for Iraq to a more even-handed position.

Previous efforts by France and Syria to win freedom for the kidnap victims have failed. Last-minute hitches and intransigence by Iran-linked local Shi-ite organisations were cited as the main reasons for past failures.

France's Prime Minister, Mr Jacques Chirac, was reported to have made concessions to Iran on the sensitive issue of arms supplies in an unpublicised deal sealed last month.

According to Iranian and Palestinian sources, the agreement goes beyond Iranian conditions for a crackdown on Iranian dissidents operating out of Paris, the reversal of a $1bn (£666m) loan by the late Shah, and French neutrality in the Gulf war.



Coluche: outrageous

French politicians pay tribute to their mocking jester

BY DAVID MARSH IN PARIS

Coluche, the rotund and raucous French comedian, who in some ways came to represent the conscience of this egocentric country, is about to put on his last act.

His funeral next week, close to his birthplace in the drab Paris suburb of Montrouge, looks likely to rally national sentiment of a kind which Coluche, in his unconventional rollicking life, would have mocked and dreaded.

Coluche, born as Michel Colucci, died on Thursday afternoon in a way, although not at a time, which he would probably have chosen—crashing into a lorry while riding his motorcycle on a country road in the south of France.

The death of the 41 year old actor/comedian, whose rumbustious humour could be outrageous to the point of obscenity, robbed France of its favourite court jester—and of part of its soul.

There were a remarkable number of tributes for a man who stood in the 1981 presidential elections to take a derisive tilt at the political system, who liberally insulted the establishment and who openly sided with the poor, underprivileged and racially oppressed. It was as if the politicians were at last taking the jester seriously.

President Francois Mitterrand said he was "torn" by the news. Mr Jacques Chirac, the Prime Minister, paid tribute both to Coluche's talents as a comedian and satyrist and to his generosity.

Mr Jacques Chaban-Delmas, president of the National Assembly, said Coluche had learnt from his own early difficulties how to rescue others from misery.

Coluche never forgot his humble beginnings in the Montrouge back streets while enjoying the life of a star. His most publicised achievement was the opening of a nationwide chain of 300 restaurants last winter handing out up to 60,000 free meals a day to the needy. He was also the best known supporter of the SOS Racisme anti-racist movement.

Coluche had a trace of veniality for all his kind heart, as a well-known gossip columnist on the Right wing Figaro newspaper found a few months ago after a physical tussle with him in a radio studio. Even the Figaro, however, said yesterday—on page 36—that he gave people something to laugh about.

Rebel assault on Salvador base leaves 50 casualties

The El Salvador Government said leftist insurgents killed or wounded 50 government troops on Thursday in a rifle and mortar attack on a garrison in the city of San Miguel, AP reports from San Salvador.

The guerrillas claimed they had killed or wounded 253 soldiers, according to a broadcast by the clandestine Radio Venceremos of the Farabundo Marti National Liberation Front, an umbrella rebel group.

However, the Salvadoran military press office said 50 soldiers were killed or wounded in the assault that began shortly after midnight with rifle and mortar fire. Civilian sources in San Miguel said at least 10 soldiers were killed.

Later in the day, the military press office said "at least 20" guerrillas were killed.

It was not possible to confirm any of the casualty claims from the guerrilla assault, the largest in five months. No civilian casualties were reported.

The military press office said in a brief statement that the attack damaged the inside of the garrison.

EEC's Portugal plan raises alarm in Spain

BY DAVID WHITE IN MADRID

SPANISH industry has raised the alarm over a European Commission proposal which it fears could turn Portugal into a back-door for introducing EEC products tariff-free into Spain and bypassing transitional trade arrangements.

The CEOE employers' federation claims that the proposal, aimed at settling a rules-of-origin dispute between the Community's two new members, would "completely distort" the transition process.

Mr Jose Maria Cuevas, CEOE president, has written to Mr Felipe Gonzalez, Spain's Prime Minister, in a bid to stop the proposal being approved by the EEC Council.

Under a bilateral pact drawn up last year before they signed their EEC entry treaties, Spain and Portugal agreed to set up what amounts to a free trade zone between themselves for most industrial products.

This means that the scale of tariffs being applied to Spain's trade with the Community during its first seven years of membership do not apply to its trade with Portugal.

However, the two countries failed to reach agreement on the definition of what would count as a Portuguese product in the Spanish market.

Madrid argued in favour of maintaining previous arrangements, when Portugal was a member of Efta. This would have meant a minimum Portuguese share of value-added of between 50 and 70 per cent.

Pressed by the Portuguese, the Commission has proposed a range of between 20 and 40 per cent, in progressive stages and varying according to product groups.

Spanish industrialists, who claim that products of dubious Portuguese origin have appeared on the Spanish market since that date, fear that producers from other EEC countries will be able to use Portugal as a channel for exporting a whole range of goods.

Spanish fishermen stepped up their blockade along the French border yesterday to prevent the entry of European Community fish imports in protest at their exclusion from French waters in the Bay of Biscay, Reuter reports.

Moscow to hold joint venture talks with West

BY PATRICK COCKBURN IN MOSCOW

THE SOVIET Union and the Paris-based International Chamber of Commerce (ICC) are to set up a joint commission to discuss the rules and regulations for joint venture projects set up between Soviet enterprises and Western companies.

Officials in Moscow have shown interest in joint ventures over the last three months but are vague about how they should operate. A Soviet think-tank on foreign trade has been considering the question, diplomats say.

The establishment of the working party to discuss "the legal and administrative framework," for joint ventures came at the end of a two-day conference in Moscow organised by the ICC between Western businessmen and Soviet trade officials and economists.

The Soviet interest in joint ventures has apparently been encouraged by the fall in the country's hard currency revenues as a result of the drop in the oil price.

This comes at a time when Mr Mikhail Gorbachev, the Soviet leader, has given priority to the refurbishment of Soviet industry with modern equipment.

The attraction of joint ventures for the Soviet Union at a time when it is short of hard currency is that it can "get technology without paying for it, and marketing, in which they know they are weak," one diplomat said.

At the same time, neither the Soviet Foreign Trade Ministry nor the Foreign Trade Bank show great enthusiasm for the new scheme.

Mr Gorbachev has said that the Soviet Union must try to produce manufactured goods of sufficient quality to export to the West. This is currently less than 5 per cent of Soviet civil exports, the Lada car being almost the only Soviet product to compete directly in Western markets.

Some foreign companies active in the Soviet Union in recent years see joint ventures as one way of staying in business in the country.

Bank ready to defy US on Brazil loan

By Nancy Dunne in Washington

THE WORLD BANK is preparing to make two loans worth almost $1bn (£666m) to Brazil over the objections of the US.

A $500m loan, approved by the bank's board on Thursday, would finance the expansion and modernisation of Brazil's electric power facilities. The US objected on environmental grounds and said Brazil should be required to reduce subsidies for electric power.

Even more controversial in the US is a $450m loan to come before the board on Monday to finance a rural credit and marketing reform project and to pay for food imports needed after a drought.

The project would remove many of the subsidies Brazilian farmers have come to expect.

The Administration has been under increasing pressure from Congress and conservationists to oppose loans which it is claimed would damage the environment or create new farm surpluses.

Iran seen behind Kuwait blasts

BY RICHARD JOHNS

TWO explosions which wrecked two oil storage camps at the Kuwait Petroleum Corporation's complex at Al Ahmadi on Wednesday was almost certainly Iranian-instigated sabotage, according to Western diplomats.

Following the blast, Sheikh Saad al Abdullah al Sabah, the Crown Prince and Prime Minister, strongly indicated also that his Government placed responsibility on Tehran. In a statement he said that the blaze would not deter Kuwait from its policies.

Apart from its support for Iraq in the conflict with Iraq, Kuwait is still pursuing the somewhat confused policy strategy by the Organisation of Petroleum Exporting Countries of giving recovery of market share priority over price maintenance and is currently pumping at a rate of 1.5m barrels a day compared with a quota under Opec's 1984 output sharing pact of 900,000 b/d.

Subsequently, Iran in alliance with Algeria and Libya came out in bitter opposition to this policy and is pressing for a substantial cut in the ceiling on collective output of 16m b/d still notionally in force to 14-14.5m b/d.

The explosions are said to have destroyed two storage tanks but only disrupted the flow of exports for two-and-a-half hours

Human rights call to Turks

THE EUROPEAN Community will press ahead with normalising relations with Turkey but expects improvements on human rights, Mr Claude Cheysson, the Community's Commissioner for the Mediterranean, said yesterday, Reuter reports.

Mr Cheysson said after talks with Turkish government leaders that issues remained to be solved between Ankara and the 12-nation group.

He would not be drawn on how a dispute might be solved between Ankara and Greece concerning Athens' claim that Turkey discriminates against Greek citizens over property rights.

Mr Cheysson said it was "inconceivable" that this or other issues would prevent a planned EEC-Turkey ministerial meeting in September 16.

These talks will be the first at ministerial level since 1980 following a Community decision to freeze ties after Turkey's military coup in September that year.

The EEC has been slow to restore links because of doubts over human rights in Turkey. Mr Cheysson, a former French Socialist Foreign Minister, has been among the sternest critics on the issue.

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. US subscription rates $365.00 per annum. Second class postage paid at New York NY and at additional mailing offices. POSTMASTER, send address change to: FINANCIAL TIMES, 44 East 60th Street, New York, NY 10022.

OVERSEAS NEWS

Chernobyl accident sparks E. German anti-nuclear petition

BY LESLIE COLITT IN EAST BERLIN

A GROUP of concerned East Germans have called on the Government to halt the constructions of nuclear power plants in the wake of the reactor accident at Chernobyl.

It was the second such protest in Eastern Europe following a petition last month presented by nearly 3,000 residents of Bialystok, in north eastern Poland, against the construction of Poland's first nuclear power station. The East European countries recently confirmed an ambitious programme to expand nuclear energy output despite widespread fears among citizens.

Some 300 East Germans signed a petition to the government and parliament calling for the scrapping of plans to build East Germany's third nuclear plant at Stendal and to double capacity at Greifswald station. Most of the signatories were members of the unofficial ecological and peace movements.

Another petition, said to have been signed by thousands of East Germans, called on parliament to hold a referendum on the use of nuclear energy.

They said Chernobyl had not only made plain the "threat" posed by nuclear power plants but had also revealed the effects of an "irresponsible and socially dangerous information policy in East and West."

The people of Europe had been consciously "deprived of their rights, misinformed and made to feel insecure" by the authorities.

The alarmed East Germans said the real dangers of nuclear reactors were played down in the official East European media and banned from public discussion.

The petition called for the publication of all radioactivity measurements in the air, ground, water, living organisms and food. It also called for the "disarmament" of nuclear power plants and a ban on nuclear weapons.

The East German protest claimed that in the event of war, nuclear plants would be prime targets for "imperialist aggression." The result would be the radioactive contamination of East Germany and surrounding countries.

East Germans noted last month that rare supplies of fresh lettuce and other vegetables from Poland appeared in East German food shops after they had been barred from entering the European Community because of suspected high levels of radioactivity.

Lisbon gas workers take pay offer, call off strike

BY PETER WISE IN LISBON

LISBON gas workers, threatened by a government back-to-work order, have accepted a management pay offer and called off a four-day strike that forced factory closures and deprived 600,000 consumers of domestic gas supplies.

The settlement came as an encouragement to the minority Social Democrat Government as it prepared for a parliamentary battle over a controversial bill to liberalise rigid labour laws against a background of threatened industrial action in three sectors.

More than 700 strikers at the state-owned gas and petrochemical companies backed down from a 20.5 per cent pay claim and accepted the initial management offer of 15.5 per cent, enhanced by improved benefits that would increase overall payments by 17.6 per cent.

The gas strike was called off after the government ordered 150 workers back to the job to ensure essential supplies to hospitals and prevent the possible production of an explosive mixture of gas and air as illicit use of gas during the strike reduced pressure in the city gas system.

Meanwhile, opposition parties on the left and centre yesterday voted to deny the government authorisation to bypass parliament and implement new labour legislation by decree.

The move forces the Social Democrats, holding only 88 of the 250 seats in parliament, to face a full debate that may not be resolved for several months.

Next week, train drivers, health workers and prison wardens threaten industrial action in support of various claims involving pay and conditions.

US warns Europe on unilateral tariff rises

BY PATRICK BLUM IN VIENNA

THE US will definitely impose unilateral tariff increases on products from the European Economic Community (EEC) if no agreement on compensation for the Community's enlargement to Spain and Portugal can be reached by July 1, Mr Charles Blum, Assistant US Trade Representative for Multilateral negotiations, said yesterday.

"If the EEC doesn't budge, we'll retaliate. We will raise tariffs on goods from the Community to compensate for our loss of trade," he said.

The US and the EEC have been at loggerheads over the impact on trade of Spain and Portugal joining the Community. The US Administration argues that the US will lose trade worth about \$1bn (£666m) with Spain and a smaller amount with Portugal as a result.

The EEC rejects this, arguing that the US will benefit from the enlarged European market.

"This is a fantasy-land argument," Mr Blum said. He still hoped that an agreement could be reached with the EEC before the US deadline.

Another meeting between US and Community officials may take place before the end of the month to try to resolve the dispute, he added.

On the contentious issue of agricultural subsidies which has also caused serious frictions between the US and the EEC, Mr Blum said the impact had been "devastating" and had destroyed key markets.

The issue can only be resolved through negotiations on a new General Agreement on Tariffs and Trade (Gatt).

● Mr Frans Andriesson, the EEC farm commissioner yesterday said he hoped a meeting on Monday with Mr Richard Lyng, US Agriculture Secretary, would provide an opening in the EEC-US farm dispute, AP reports from Brussels.

Singapore offers tax relief for regional HQs

BY CHRIS SHERWELL IN SINGAPORE

SINGAPORE yesterday unveiled tax concessions designed to persuade multinational corporations to set up "operational headquarters" covering South-east Asia and the wider region.

The announcement came from Brig-Gen Lee Hsien Loong, acting Minister of Trade and Industry, and followed recommendations made earlier this year by a high-powered economic committee which sought to chart Singapore's future growth path.

Gen Lee, who is the son of Prime Minister Lee Kuan Yew, said it was time to press ahead with implementing the committee's longer-term recommendations, especially those timed at making Singapore an international business centre. "We must do what we know we must do," he declared.

Under the new concessions, "domestic income" earned by companies setting up operational headquarters in Singapore would be taxed at a 10 per cent concessionary rate. The normal corporate tax rate is currently 33 per cent.

"Qualifying foreign source income" would also receive tax relief, but the income which qualified and the precise tax rate would have to be negotiated with the Economic Development Board, the government agency which would administer the scheme.

According to Gen Lee, domestic income would arise from the provision of services to the company's network of operations. These services would include administrative and business planning and co-ordination, the sourcing of raw materials, product development, technical support, personnel training, marketing and fund management and treasury operations.

"Foreign source income" refers principally to dividend income from subsidiaries and associates, some of which will already have been taxed in the countries where they operate. How this income is treated in Singapore would be settled on a case-by-case basis, ministry officials said yesterday.

According to Gen Lee, the recent decision by Data General of the US to shut its Hong Kong manufacturing plant and concentrate regional operations in Singapore was also made in anticipation of the latest concessions.

Looking ahead, he said that further concessions, including a 10 per cent concessionary tax on exports of services, were also under study.

Brig Gen Lee Hsien Loong

Taipei changes Defence Minister

BY ROBERT KING IN TAIPEI

TAIWAN has replaced both its Defence Minister and its chief of national security.

It named Mr Wang Tao-yuan, 72, Defence Minister, to replace Mr Soong Chang-chih, 76, and Gen Chiang Wei-kuo, 69, half-brother of Taiwan's president, to head the National Security Council.

Observes have known for some time that Mr Soong wanted to retire and thus were not surprised by the change at Defence.

They are at a loss, however, to explain the choice of Mr Wang, a civilian with virtually no military credentials. They are equally baffled by the appointment of Mr Chiang to head the nation's highest security organisation.

All agree that the appointments, however puzzling, stemmed from President Chiang Ching-kuo and dispel speculation that the president's ill-health is causing him to slip from the centre of power.

The analysts also say the appointments do not signal any shift in either domestic or international policy.

Mr Wang has served two terms as Justice Minister and a term as Vice-Defence Minister. Most recently he was Secretary-General of the Security Council but was not particularly visible. His appointment is the first time in recent years that a civilian has headed the Defence Ministry.

Gen Chiang, who has numerous military distinctions on his record, headed the United Warfare Training Department at the Defence Ministry and was president of the Sino-German Cultural and Economic Association prior to his new appointment.

He is not considered overly ambitious and is said not to be close to the president.

The government also named as Minister without portfolio Mr Hsiao Tien-tzang, 51, member of parliament and of the Nationalist Party's powerful policy co-ordination committee.

Mr Hsiao also serves as part of a team of Nationalist Party members now talking with the opposition to improve co-operation. Taiwan currently does not permit the formation of new political parties.

Tanzania unveils reforms package

BY MARY ANNE FITZGERALD IN NAIROBI

TANZANIA has unveiled a package of structural reforms, including a 33.3 per cent devaluation of the shilling, designed to resuscitate the flagging economy and reassure the International Monetary Fund.

The shilling was allowed to fall from 17.7 to 29.4 to the dollar two weeks ago. It now stands at Sh 40 to the dollar.

Western donors and the fund had earlier made it clear that a more liberal agricultural policy and devaluation of Tanzania's currency are conditional to the massive capital flows that are pivotal to renewed growth.

Last month, Tanzania reached a memorandum of understanding with the IMF on a proposed SDR65m (£39m) standby facility, the first in six years.

Since coming to power last October, President Ali Hassan Mwinyi has adopted a conciliatory attitude towards the IMF that is in marked contrast to the criticism voiced by his predecessor, Mr Julius Nyerere.

The \$1.39bn (£926m) budget, a 63 per cent increase in spending over last year, allocates 40 per cent of expenditure to agriculture and raises producer prices. It is expected to pave the way for an agreement with the IMF this August.

Outlining an ambitious \$4.5bn three-year recovery programme designed to spur industrial and agricultural output, Mr Cleopa Msuya, Finance Minister, acknowledged it would need "five to seven years of hard work" to stabilise the country's economy.

Mr Msuya pledged to finance 60 per cent of the budget through domestic revenue, much of it raised through greater taxes on petrol, beer, soft drinks and cigarettes.

Another 4.5 per cent of the budget is to be financed through borrowings in the domestic commercial banking system. The balance is to be financed through concessionary funds

Income tax was cut by up to 30 per cent and workers' salaries adjusted upwards by up to 28 per cent to compensate for the drop in purchasing power caused by the 60 per cent inflation rate.

3

Bank interest rates are to move upwards to a level yet to be announced. Foreigners living in Tanzania are now required to pay for rent, water and electricity in foreign currency.

At a consultative meeting in Paris 10 days ago, donors agreed to double annual aid flows to \$800m over the next two years if Tanzania signs an agreement with the IMF.

The funds are to help meet annual import bills of \$1.2bn.

Tanzania plans to fill the foreign exchange gap with annual export earnings of \$350m, mainly from coffee, and debt rescheduling of at least \$50m a year.

Tanzania has a foreign debt in excess of \$3.5bn and an annual trade deficit of \$500m.

Punjab gunmen kill eight

SUSPECTED Sikh terrorists killed eight people in a village yesterday in Punjab, the United News of India reported, AP writes from Amritsar.

The agency quoted police saying four armed men opened fire in the electricity board office in Golwar village, near Tarn Taran, 13 miles south of Amritsar.

The attack came on the eve of the transfer of Chandigarh, joint capital of Punjab and Haryana states, to Punjab's excusive control.

Police said 14 people were wounded in the earlier shooting in Nakodar, near Amritsar,

Muldoon attacks Lange's Rainbow Warrior pact

OPPOSITION LEADERS and the Greenpeace environment group yesterday criticised Mr David Lange, the Prime Minister, for agreeing to allow Mr Javier Perez de Cuellar, the UN secretary-general, to mediate with France over the sinking of the Rainbow Warrior, AP reports from Wellington.

Mr Robert Muldoon, the former Premier, said Mr Lange had given Mr Perez de Cuellar a free hand in the matter and added: "If there are any conditions attached to an order of reference the people of New Zealand are entitled to know."

Details of the agreement were not released but France and New Zealand announced that they would accept Mr Perez de Cuellar's ruling on the dispute which arose after French agents sank the Rainbow Warrior in July last year.

Two French secret agents, Maj Alain Mafart and Capt Dominque Prieur, are serving 10-year sentences in New Zealand for their parts in the sinking. France has demanded their release

Mr Lange said yesterday that although France had removed informal trade sanctions against New Zealand to help get an agreement, New Zealand would not release the agents.

Aquino acts to defuse coup rumours

By Samuel Senoren in Manila

PRESIDENT Corazon Aquino of the Philippines yesterday acted to defuse a potentially explosive situation in the armed forces by promoting two senior officers, a day after rumours of an impending military coup swept Manila.

Raised to the next rank were the deputy chief of the armed forces, Brig.-Gen. Salvador Mison, and the Commander of the Navy, Commodore Serafin Martillano, who were among eight brigadiers who had been recommended for promotion by the defence minister and the chief of the armed forces.

Mrs Aquino had promoted the army commander in the southern Philippines, Brig Jose Magno, to Major General but had sat on the promotions of the seven others.

The issue of promotions and assignments, which strikes a sensitive chord in the military, was the key reason for the coup which toppled former President Ferdinand Marcos last February.

Mr Marcos had indiscriminately bestowed ranks on favoured officers without following established procedures, causing senior commanders to revolt.

The senior officers who are now holding key positions were secretly encouraged by the Defence Minister, Mr Juan Ponce Enrile, to organise and later move against Mr Marcos.

Mrs Aquino's failure immediately to act on the promotions is believed to have encouraged Mr Marcos to order his followers to rally behind Mr Enrile in a classic intrigue.

Using easy access to an unbridled press which counts 20 daily newspaper, Mr Marcos's followers fanned reports of an alleged plan to oust Mr Enrile from the Cabinet.

The Marcos "loyalists" were told by a radio broadcast to mass in front of the army headquarters where Mr Enrile announced his breakaway from Mr Marcos in February, to support the Defence Minister.

The rally was later dispersed by riot police.

Mrs Aquino, Mr Enrile and Gen Fidel Ramos the armed forces chief have collectively denied that there was anything wrong in relations between the civilian government and the armed forces.

UK NEWS

Ridley hints at easing of North-West Water debt

BY IAN HAMILTON FAZEY

A STRONG hint that the Government may be willing to write off some of the North West Water Authority's £900m debts before privatisation next year, was given yesterday by Mr Nicholas Ridley, Environment Secretary.

At a conference at Warrington on the Government-supported campaign to clean up the Mersey basin, he said the authority would need to be offered for sale with a "relastic" balance sheet.

The authority's level of debt is thought to make it much less attractive to investors than are some of its counterparts, particularly the Thames Water Authority, which may be floated before the others because of anticipation of market demand.

Mr Ridley said of the north-western authority's prospects: "The balance sheet has to be attractive. The debt-equity ratio has to be organised so that it represents a realistic balance against likely income that the authority can earn."

Mr Dennis Grove, authority chairman, said: "The write-off of debt is one of the options that will be considered. We are proposing a write-off instead of a large increase in charges to consumers."

"The Government hopes to have its Bill privatising water authorities ready for November and on the statute book by next summer. The Thames authority and its Northumbrian counterpart are keen to offer themselves for sale. Mr Ridley said that, with pension funds always looking for investments, he expected interest to be high.

Enthusiasm in the north-west is less marked, however, partly because of the debt but also because the European Commission's likely attitude to the bodies when privatised is uncertain.

This is important because £200m of EEC money is going into the Mersey basin campaign in the first three-year phase. As a private company, it may not be entitled to this help. The Bill may well have to make provision to keep the campaign eligible.

The high cost of raising the condition of the Mersey basin's 1,000 miles of rivers to minimum standards stems from 200 years of neglect since the industrial revolution. The rivers empty into the Mersey and pertain to area of 1,500 square miles in Lancashire, Greater Manchester, Cheshire, Derbyshire and Merseyside.

Mr Ridley said yesterday that the basin epitomised the false and ultimately unsustainable relationship between muck and brass." The total cost of cleaning the rivers, where sewage is the main pollutant, is expected to be £2bn over 25 years.

Transport authorities face big cut in spending

By Andrew Fisher, Transport Correspondent

THE GOVERNMENT has told the big urban transport authorities that they will have to cut their spending drastically over the next two years.

The move, which will involve cuts of as much as 40 per cent, forms part of its aim of reducing heavy local subsidies which some authorities have paid in past years to keep fares down.

The Department of Transport said it had given passenger transport authorities provisional and informal guidance on the likely levels of spending they would be allowed in the next two financial years.

For South Yorkshire, the department has indicated a cut of 40 per cent in the 1988-89 financial year over the £59.3m set for the current year.

Early this year, South Yorkshire said that this year's figure was already £30m too low, since the cost of running its buses with its low fares policy was about £88m. The Government had raised it from an initial £50m.

The lower levels indicated by the department, with final figures to be set in July, are in line with its policy of separating the functions of local government and transport.

The Passenger Transport Executive, abolished when the metropolitan councils ceased to exist this year, and district councils have had to transfer their bus operations to separate companies. The Government has limited the sums that can be raised for transport through the rates.

After South Yorkshire, the biggest spending reduction will fall on Merseyside with a likely 35 per cent cut in 1988-89 from this year's £81.3m.

Tyne and Wear's reduction will be 15 per cent from £63.9m and that of West Yorkshire 20 per cent from £61.3m. Greater Manchester will have to bear a 5 per cent cut from £83.5m.

The action to limit the spending of the local transport authorities forms part of the Government's policy of freeing the British bus network from what it sees as hindrances to growth and competition.

The privatisation of National Bus Company, being split up before sale, and the deregulation of bus services, opening them up to competition, are other key parts of this strategy, which has met strong criticism from trade unions and some local authorities.

Stefan Wagstyl and Anna Healy Fenton on radiation levels in sheep

Farmers put a brave face on ban

FARMERS, meat traders and butchers yesterday put a brave face on the Government's decision to keep lambs from parts of North Wales and Cumbria away from the market for the next three weeks.

The trade said the Ministry of Agriculture, Fisheries and Food was absolutely right in imposing restrictions in order to reassure the public that all meat in the shops would be perfectly safe.

But behind the trade's vociferous support lie serious concerns about the impact on the trade just at the moment when the season for home-produced gets into full swing.

The biggest fear is that shoppers will take fright and cut back on buying British lamb, in spite of the assurances that all meat on sale is perfectly safe, Mr Ken Bell, a spokesman for the Meat and Livestock Commission, said yesterday: "The question is are people going to say "Oh, dear I won't buy any lamb" I can't answer that. You can't tell how people going to say 'Oh, dear.'"

If shoppers turned away from lamb in large numbers, or switched to buying meat from New Zealand, prices for home-produced lamb would be likely to fall. The impact of the ministry's move would then spread beyond farmers in the affected areas to many others. One South of England farmer said that a wholesaler had warned him yesterday that purchases of lamb could be delayed if the public reacted badly to the decision.

The news is a particular blow for Welsh farmers who are this year running a Fresh-food-from-Wales campaign.

Farmers are earnestly hoping that the 21-day restrictions on movements and slaughtering will last no longer than that. They are drawing comfort from the fact that in the Isle of Man, which controls its own agricultural policies, the Manx government said it hoped to lift its temporary ban on slaughtering within a week.

Less than 10 per cent of the UK's sheep flocks are in the affected areas—1.8m in North Wales, including Anglesey, 500,000 in south-west Cumbria and 140,000 in the Isle of Man.

At least one third of these 2.44m animals are new-season lambs which are due to be sold in the near future. Some are intended for immediate slaughter, others for fattening up by farmers in low-land areas for slaughter later in the year.

The cost of the ministry's moves for these farmers depend on how long the ban lasts. Some farmers, particularly in Anglesey, which is mainly low-lying fertile land, have lambs which are already ready for market. Although these animals are eating grass, they receive costly food additives.

More importantly, some lambs may become over-fat, so reducing their market value, since they will fall short of stringent quality standards set by the European Commission.

Under the Common Agricultural Policy, farmers are guaranteed minimum prices which vary through the season—this week the price was 226.7p a kilo.

So if shoppers reject home-produced lamb and prices fall, farmers should be protected from serious losses. But over-fat lamb which fails to meet EEC standards could lose the so-called variable premium—which is about 50p to 60p a kilo.

Like Mr Jopling, the meat trade hopes that the need to destroy sheep will not arise and on the information from the ministry it appears unlikely.

After the accident at the Soviet Union's Chernobyl nuclear power station on April 26, concern in the UK focused on the fall-out of one particular radioactive isotope, iodine 131. This can be quickly absorbed but also decays very rapidly since it has a half-life of only a few days. The particles responsible for the increased levels of radioactivity in the affected sheep are two isotopes of caesium—caesium 134 and 137. These particles fell in a heavy rainstorm on May 2 and 3.

The ministry says that levels in sheep did not cause concern until 30 days later because caesium take time to be absorbed in the body. However, having reached their maximum a few dyas ago, caesium levels are falling rapidly. The isotopes have a half-life of 30 years but are very quickly passed by animals so the radioactivity in the affected lambs can be expected to drop, according to the ministry.

The ministry says it has intervened at levels far below those where there is any risk to health.

About 16 out of 100 lambs tested had doses of more than 1,000 becquerels per kilo, units which measure the amount of radiation absorbed over time by a body. The maximum found in any lamb was 4,000 bq/Kg. The safety level accepted by the National Radiological Protection Board is 10,000 bq/Kg.

However, the EEC has set a limit of 600 becquerels on food imported from Eastern Europe. The ministry says this standard is tougher because it is intended to pick up traces of a wider range of radioactive isotopes.

Elsewhere in Europe unacceptably high levels of caesium have recently been found in Luxembourg game, in Bulgarian snails imported into Greece, and in East German horses sold to dealers in France. Britain appears to be alone in finding alarmingly high concentrations in sheep.

Experts meeting in Brussels earlier this week were told that Luxembourg has ordered hunters not to market game and that particular restrictions have been put on the sale of deer and hares. With the closed season for hunting throughout much of the rest of Europe, little concern was expressed by other member states.

Kevin Done in Stockholm adds: The continuing effects of radioactive fall-out in Scandinavia are still causing serious concern. In Sweden, farmers in two areas are banned from letting their cattle out of barns, although restrictions in most parts of the country have been lifted.

High levels of radioactive caesium have been found in game. Reindeer have been found to contain 15,000 bq/kg of radiation—in Norway there have been readings as high as 24,000 bq/kg.

Posgate refused injunction

Financial Times Reporter

MR IAN POSGATE, once a leading underwriter in the Lloyd's insurance market, failed in a High Court action yesterday to block the proposed sale of a substantial part of the assets of Posgate and Denby (Agencies), which he helped to found in 1977.

Mr Justice Hoffman dismissed his application for an injunction to restrain the company and its directors from executing any agreement for the sale of the management of three Lloyd's insurance syndicates, either without the approval of a majority of equity shareholders or a majority of all shareholders in general meeting.

In a pending petition, under Section 459 of the 1985 Companies Act, Mr Posgate is claiming as a contributory that the company is being run in a manner unfairly prejudicial to him and other equity shareholders.

The judge said Mr Posgate had no arguable case for opposing the directors, who should be allowed to proceed with the sales.

Mr Posgate was a director of the company until he was required to resign in 1984. But he remained a salaried employee until early this year.

The judge said that, last year, the company was advised by its brokers that they could not place the errors and omissions policy which, according to the regulations of Lloyd's, it needed to carry on business after the expiry of its existing policy on April 30 this year.

The failure to obtain errors and omissions cover precipitated a crisis.

The businesses of managing the three active and profitable syndicates and the members' agency business had, in ordinary circumstances and as going concerns, a substantial and saleable goodwill. But, if the company were to cease business that goodwill would disappear.

The board decided that, while every effort should be made to obtain errors and omissions cover, steps should be taken to dispose of the syndicates as going concerns, in advance of the cessation of business on April 30.

A scheme of reconstruction was produced under which the syndicates were hived off into separate subsidiaries and the share in those subsidiaries paid out to existing shareholders in a winding-up.

Mr Posgate considered the scheme acceptable in principle.

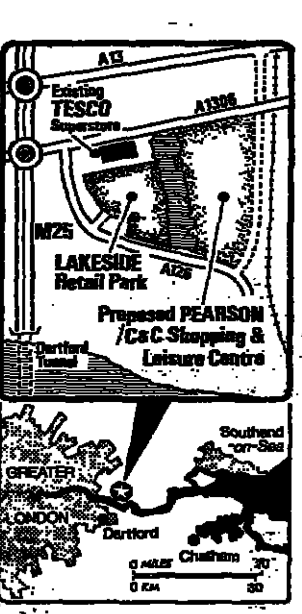
Mr Posgate, in his petition, alleged that the prices offered for the syndicates were substantially less than their true market value.

The judge said there was no arguable basis for saying that it would be unfairly prejudicial to Mr Posgate if the proposed transaction were implemented without the approval of the equity shareholders.

Partial go-ahead for Pearson M25 plan

BY WILLIAM COCHRANE

THE FIRST large retail concern planned on the M25 motorway round London got a partial go-ahead yesterday as the Department of the Environment released a planning consent granted by Thurrock Council to the Pearson group for a £22m 35-acre retail park in Essex just north of the Dartford Tunnel.



A 100,000-sq-ft Tesco superstore already trades on the site, which is to the west of a 30-acre lake. The park, to be named Lakeside, will include 11 further units from 5,000 to 52,000 sq ft providing 300,000 sq ft more for top convenience retailers.

These will include Texas Homecare; Habitat; W. H. Smith Do-It-All; Furnitureland; Harvey Linens; Comet; British Shoe Corporation; Homestore; World of Leather; Poundstretcher; and Harris Queensway.

The park forms part of a 200-acre site. About 80 acres on the other side of the lake will be developed by Pearsons in partnership with Capital & Counties Property group into a 1.4m sq ft regional shopping and leisure centre.

Mr Ray Pledger, Pearson Lakeside managing director, said yesterday that the larger, higher grade regional centre could be worth £150m to £200m.

The planning application for this development, like that for a competing scheme from Town and City Properties west of the M25, has been "called in" by the Environment Department.

Both schemes will go to Mr Nicholas Ridley, Environment Secretary, for a decision after a public inquiry.

Neighbouring local authorities have made objections to the two Thurrock schemes. Mr Pledger said that neither was on Green Belt land; both had planning approval from Thurrock and Essex Councils; and that Thurrock Council had expressed a strong preference for the Pearson C & C scheme.

His site was part of some 1,400 acres acquired by Pearson between 1917 and 1924 for an oil terminal which was never built.

Promotions at the Halifax

BY NICK BUNKER

THE HALIFAX Building Society, the UK's largest single source of home purchase finance, yesterday signalled its strategic emphasis on computer technology and marketing with its choice of two new senior executives.

Mr Jim Birrell, 56, is to become the society's chief operating officer in succession to Mr Calum Macaskill, 63, who is retiring in December. Mr Birrell, an accountant, was previously the Halifax's general manager for marketing.

The society, which has assets of £24.4bn is also promoting Mr Mike Whitehouse, the divisional manager of the Halifax's business information systems division, to be one of its five general managers. He "master-minded development of the society's cashier computer terminals in the 1970s, and the introduction of its Cardcash automatic teller machines in 1984.

Halifax believes its computer technology will be a big advantage in the intensifying competition it faces from other financial institutions for savings and loans business.

BT non-executive appointment

MR PAUL BOSONNET, deputy chairman of BOC, has been appointed a non-executive director of British Telecom. This brings the total of such directors on the BT board to five.

Mr Bosonnet, 53, is a chartered accountant who first joined BOC in 1957.

Sir George Jefferson, chairman and chief executive of BT, said yesterday: "I am delighted that Mr Bosonnet has accepted the invitation to join the BT board. He will bring his considerable industrial and commercial experience of the issues facing major companies in international markets."

Brel seeks Canadian link for sales drive

By Andrew Fisher, Transport Correspondent

BRITISH RAIL Engineering, which is shedding several thousand jobs in the UK, is seeking a Canadian partner to help its proposed marketing drive into North America with the commuter Railbus.

Mr Philip Norman, chairman of Brel, said serious talks were taking place with Canadian companies over a possible sales partnership.

Brel has been running demonstration Railbuses in Canada. These combine a Leyland Bus body on a railway underframe to provide a low-cost, lightweight, fuel-efficient vehicle mainly for commuter use.

Brel has been talking to Urban Transport Development, being sold by the Ontario provincial government to Lavalin, an engineering company, and to Bombardier, which is building equipment for the New York transit system.

Thatcher hits at Soviet stance on terror

BY PETER RIDDELL, POLITICAL EDITOR

THE SOVIET UNION has been urged by Mrs Margaret Thatcher to take tougher action against states such as Libya which, she says, promote terrorism.

The Prime Minister's letter to Mr Mikhail Gorbachev, the Soviet leader, dated June 9, was released yesterday in London to coincide with the publication of his letter to her of May 31, which dealt primarily with implications of the Chernobyl nuclear accident.

In a section dealing with a reference by Mr Gorbachev to the dangers of nuclear terrorism Mrs Thatcher restates her view.

"The Soviet Union should co-operate by reducing the size of diplomatic missions of states which sponsor or support terrorism; should take action against the Libyan People's Bureau in Berlin; and should refrain from providing the moral and material support to Libya which enables it to promote terrorism."

Earlier in the letter Mrs Thatcher welcomes Mr Gorbachev's support for increased international co-operation in the nuclear field, particularly his endorsement of the idea of an international convention establishing the obligation to provide information immediately in the event of a nuclear accident with trans-frontier effects.

The Prime Minister welcomes the Soviet view that safety standards should be strengthened and calls for more detailed ideas on co-operation and design, of "an especially safe new generation of nuclear reactors."

She suggests that the Soviet Union should accede to the 1960 Paris Convention on third-party liability in the field of nuclear energy and the 1964 Brussels supplementary convention, to which the UK and other Western countries are party.

She fully agrees with the Soviet leader that there should be "adequate recourse for damage in the case of accidents at nuclear power stations."

Mrs Thatcher disputes Mr Gorbachev's view linking the Chernobyl disaster with cessation of nuclear tests. She says that this accident does not in itself add force to his argument for an early comprehensive test ban.

The key areas for nuclear arms control are the nuclear and space talks at Geneva, she says.

World Cup TV talks break down

By Raymond Snoddy

THE TELEVISING of England's progress in the World Cup competition turned into a very rough game last night as talks to avoid tomorrow's England-Argentina being shown simultaneously on both BBC and ITV failed.

At a meeting at the BBC yesterday morning Mr Paul Fox, managing director of Yorkshire Television and a former editor of BBC's Sportsview, offered to toss a coin with the BBC for the right to have exclusive coverage of Sunday's game.

The loser would have first choice of the semi-finals. The offer was rejected by Mr Jonathan Martin, the corporation's head of sport.

In the second half of the discussions ITV offered the BBC exclusive coverage of the Argentina game in return again for first choice of the semi-finals on an exclusive basis. This suggestion too was turned down by the corporation.

by AGM Cable and Viewdata shows that 93 per cent of the public thinks that neither BBC or ITV should show something other than the match against Argentina.

The ITV companies in a statement accused the BBC of putting its "own narrow interests above common sense and the interests of British viewers."

The BBC emphasised last night that there had been no agreement that coverage of the later rounds of the World Cup should alternate between BBC and ITV.

Like the FA Cup Final, the World Cup had now become the sort of national sporting event where the public "expects and prefers" continuous BBC coverage.

"Once again ITV is trying to achieve politically what they cannot achieve competitively" the BBC said.

House of Lords workload attacked

BY KEVIN BROWN

LEGISLATION is being pushed through the House of Lords in "indecent haste" because of the pressure of Government business, a senior Labour peer claimed yesterday.

Lord Williams of Elvel, Labour's front-bench spokesman on financial matters, said the Lords was being forced to revise important bills "on the hoof." He warned that hasty redrafting caused bad final legislation, and claimed the workload facing the Lords was being increased by conflicts between different Government bills.

"We are very anxious at the indecent haste with which a lot of legislation is being fed into the sausage machine, and we find that it is not necessarily good legislation when it comes out," he said.

His complaint followed the disclosure during the second reading debate on the Building Societies' Bill that the Government plans to table "a significant number" of amendments during the Lords committee stage.

Lord Brabazon of Tara, the minister in charge of the Bill, said most of the amendments would be of a technical nature, but some would deal with important points of policy.

Lord Williams said it was sad that the Government appeared to be unable to draft its legislation so as to avoid the need to table detailed amendments in the Lords.

He said a number of bills which had passed through the Commons in recent months had contained inconsistencies with other legislation, notably with the Financial Services Bill, which sets up a new framework for the financial services industry.

"I am extremely concerned that in this bill there may well be similar anomalies," he said.

Lord Williams' comments follow rising concern in the Lords at the heavy workload facing peers because of the weight of Government business. The House has sat late into the night of almost every working day since the Whitsun parliamentary recess, including a rare all-night sitting on the committee stage of the Gas Bill.

Several important bills have still to pass through the lengthy committee stage process, including the Building Societies Bill and the Social Security Bill. The report stage of the Gas Bill is expected to take several days.

In addition, the Financial Services Bill, possibly the most significant bill of the session, has only just completed its passage through the Commons, and is expected to require many days debate in the Lords.

The Government has not yet announced details of the summer recess for either House of Parliament, but there are strong rumours that the Lords will be required to sit on after the Commons has risen and to reassemble in October to dispose of remaining business before the new session begins in November.

David Goodhart reports on the background to a mining and engineering group's acquisition

Testing times for revitalised Turner and Newall

TURNER AND NEWALL, the UK mining and engineering group, is one of the great recovery stories of the past two years.

Almost four years ago the once respected multinational was unceremoniously removed from FT 30-share index. The share price was collapsing. Huge liabilities loomed as victims of its historic involvement with asbestos called in the lawyers.

Sixteen banks approached the Bank of England in search of a financial lifeboat for the company. Debts built up a peak of £184m, and the attributable loss for 1982 was £73m.

Thanks to some good luck and good judgment—not least from crisis chairman Sir Francis Tombs—the picture today is very different.

Hard rationalisation and repositioning from 1980 to 1985 has cut the UK workforce to 9,000, the turnover from £724m to £535m, and increased automotive products from 25 per cent to 43 per cent.

Although Africa still accounted for 25 per cent of turnover and 40 per cent of operating profits in 1985, the South African contribution to profit fell from 29 per cent in 1984 to 13 per cent last year. It has also subsequently reduced its holding in the South African subsidiary from 78 to 51 per cent.

Recently a favourable judgment in the US courts fixed liability of £8m on one of Turner and Newall's insurance companies in relation to the asbestos claims.

Not surprisingly, the share price has surged ahead—trebling in the past year. Even the April announcement of a £47m rights issue — aimed at acquisitions—pushed the price up further.

As one broker put it yesterday: "Sir Francis has been running not just walking across water."

But if initial City reaction is anything to judge by, the strength of his swimming may soon be tested.

Some of the good will carefully nurtured over the past two years is now in danger of disappearing under a bid for AE that many regard as over-stretching and inappropriate.

The thinking behind the offer is clear enough. The company is still too reliant for comfort on Zimbabwean raw materials, if not earnings.

A merger would reduce mining to about 5 per cent of turnover and promote automotive products to 55 per cent and engineering products to 30 per cent.

Only 25 per cent of turnover would be left in Africa and India.

The company has also accumulated tax losses of about £60m in the UK which AE's greater UK presence would help to mop up. More contro-

group managing director, waxes lyrical about complementary technology and markets.

He says: "Both companies have achieved technical leadership and high standards of innovation in different products and there is considerable common technology in the production processes employed by the two groups.

"Their technical expertise and associated research programmes in metals, composites and plastics are certainly complimentary."

To AE, which enjoys a reasonable reputation as a middle-to-high technology engine components business, the prospect of a Turner and Newall take-over is almost offensive.

Like Turner, it has been on a recovery curve since the early 1980s — albeit a less dramatic one. In 1982 turnover was £382m and pre-tax profits £6.7m; by 1985 turnover was only £1m higher but profits had risen to

In a weakened state in 1983 it accepted a bid from GKN, then changed its mind and was finally saved by the Monopolies and Mergers Commission.

Recently, it has been doing most of the right things. It sold loss-making Edmunds Walker and is establishing a piston plant in the US.

However, bid talk returned with a vengeance last month when its interim results proved disappointing and the share price fell to below 140p.

Sir John Collyear, the chairman, and Mr David Allday, the finance director, are both known and liked in the City. The argument that their specialist technology should not be "conglomerised" with Turner and Newall will find many sympathetic supporters.

Sir John also denies that AE will have to lose its independence eventually—even if not to Turner—because of the limitations of scale and cash.

"We are in fact very large

Sir Francis Tombs: "running on water"

most of the foreign competition and we have no shortage of

Offshore roll-up fund successor to be launched

BY CLIVE WOLMAN

A SUCCESSOR to the offshore roll-up funds, whose tax advantages were blocked by the 1984 Finance Act, has been devised by Robert Fleming, the merchant bank, and is due to be launched next month.

A preliminary prospectus was published yesterday for a $50m (£33.2m) share issue in the Jardine Fleming Pacific Warrant company. The company is structured in such a way as to allow savers to receive interest income free of income tax and possibly free of capital gains tax.

In 1983, the offshore roll-up funds, which converted interest income into lightly-taxed capital gains for fiscal purposes, attracted about £1.5bn from UK savers, before the Government closed the loophole at the start of 1984.

Since then, UK investors in an open-ended, unit trust-style offshore fund have been liable to pay income tax on the entire gain registered by the fund, unless the fund has been granted distributor status.

Robert Fleming will by-pass the 1984 legislation by issuing two types of shares, preference and ordinary, in a closed end fund similar to an investment trust, whose share price will not be linked precisely to the fund's net asset value.

A subscriber will buy the two types of share together at $100 a pair, but they may be subsequently detached and will be traded separately on the UK and Luxembourg stock exchanges.

The preference shares will be issued at a nominal price of $98 and will be redeemable at the same price in nine years.

To ensure that there are sufficient assets to repay the preference shareholders, the fund will invest primarily in zero-coupon US bonds, which yield no income.

In practice, the stock market price of the preference shares is expected to fall to about $50 a share to allow for the compound interest that would normally accrue on such a security over nine years.

This will allow savers looking for secure dollar-based interest income to buy the shares and pocket their returns free of income tax.

The ordinary shares will be issued at a nominal price of $2 but are expected to start trading at over $50. Their future stock market price will depend on the performance of the remainder of the fund's portfolio, which will be invested in the warrants of Japanese and Hong Kong companies.

More than 250 Japanese companies have warrants outstanding, most of which were originally issued with Eurodollar bonds.

Because one type of share will begin trading at a large premium to its issue price and the other at a substantial loss, investors may also be able to avoid paying capital gains tax by choosing the most appropriate tax years in which to realise their gains and losses.

Although the Jardine Fleming fund will invest mainly in yen and dollar-denominated assets, funds with exclusively sterling assets could be structured in the same way. This would allow them to offer savers the same tax benefits as the offshore roll-up funds, at least until the Government decides it has to close another loophole.

European collaboration in high technology sought

FINANCIAL TIMES REPORTER

BRITISH and Continental companies must collaborate in order to compete in world markets, Mr Geoffrey Pattie, the information technology Minister, told a Confederation of British Industry conference on international advanced technology programmes.

European expertise in research was not matched by an ability to exploit that research through sales in that market, he said.

Speaking before the UK chairmanship of Eureka, the 18-country European programme for collaboration in advanced industry, expires on June 30, Mr Pattie identified common standards and an integrated European market as essential for greater competitiveness.

"Non-tariff barriers, such as differing national standards, act as an impediment to the large domestic market long enjoyed by US and Japanese companies.

"The introduction of standards, applied throughout Europe, is essential if real collaboration in high technology industries is to be fostered, as is the opening of public purchasing to generate a more unified market."

Mr Pattie highlighted the success of the European space programme and the Airbus project. "These illustrate the power and potential of Europe acting together as a technological and industrial force.

"Above all, Europe needs to foster industrially - oriented research and market-based collaboration. I believe that the three major programmes which we are considering today—Eureka, Esprit and Race—go in exactly the right direction.

"A mid-term review of the European Strategic Programme for Research and Development in Information Technology (Esprit) suggests it has been highly successful in stimulating collaboration in research and beyond. With funds now almost fully committed, the Commission and European Community research ministers are considering the future of the programme in the context of the community's framewrok proposals for research and development," he went on.

"It is clear that the conference will be able to announce a significant list of new Eureka projects."

Call for liability limit on auditors' investment work

BY OUR FINANCIAL STAFF

AUDITORS MAY regard work for investment businesses as excessively risky unless the Government introduces a statutory limit on their liability, according to Mr Derek Boothman, president of the Institute of Chartered Accountants in England and Wales.

In a letter to Mr Michael Howard, the Minister for Corporate and Consumer Affairs who is responsible for the Financial Services Bill going through parliament, Mr Boothman suggests that it will become increasingly difficult to find auditors with the necessary abilities and experience to protect investors in the way the Government envisages.

To obtain maximum legal protection auditors may feel obliged to flood supervisors with reports and to show excessive caution in their opinions on annual accounts, he warns.

But Mr Boothman approves of the Government's clear recognition of the respective roles of the auditor and the supervisor.

The institute welcomes the Government's proposal to give auditors a statutory right to pass information to supervisors, and it will help develop guidelines for auditors on the use of this right.

ECONOMIC DIARY

TODAY: Mrs Margaret Thatcher and Mr Norman Tebbit to address Welsh Conservative Party Conference in Porthcawl.

TOMORROW: Spanish general election.

MONDAY: EEC Internal Market Council meeting in Luxembourg. Cyclical indicators for the UK economy (May). CBI monthly trends enquiry (June). Opec market monitoring committee meets in Brioni. Confederation of Health Service Employees annual conference in Blackpool (until June 27). Confederation of Shipbuilding and Engineering Unions annual conference in Blackpool (until June 26). Iata conference in Geneva. Iron and Steel trades Confederation conference in Jersey.

TUESDAY: EEC Agriculture Council meets in Luxembourg (until June 25). Food facts (first quarter). European Civil Aviation Commission meets in Paris (until June 28). Equal Opportunities Commission to make statement on the employment of women by British Rail.

WEDNESDAY: EEC Fisheries Council meets in Luxembourg. New construction orders (April). Opec full ministerial meeting in Brioni.

THURSDAY: European Council has two-day meeting in The Hague. Energy trends (April). Personal income expenditure and saving (first quarter). Industrial and commercial companies (first quarter). New vehicle registrations (May). Balance of payments current account and overseas trade figures (May). UK banking sector statistics (second quarter). Financing of the Central Government borrowing requirement (second quarter). Money stock (second quarter). Fifth round of US-Soviet arms talks end in Geneva.

FRIDAY: Sales and orders in the manufacturing and service industries (March). Finished steel consumption and stock changes (first quarter-final).

Continuing the series on British Gas privatisation, **Lucy Kellaway** describes the marketing of the sale

Building up pressure for the biggest flotation of all

FOR MORE than a year the Government and two dozen groups of professional advisers have been busily building the craft on which British Gas is to be floated in November. A crucial point in the process has just been reached — the legislation is complete, the important decisions on the future shape of the company have been taken, and the selling of British Gas is about to begin.

The whole business is slow, time-consuming and very expensive. Not only is this the most ambitious privatisation yet — likely to be half as big again as the flotation of British Telecom two years ago — it is the largest sale of shares ever attempted.

In addition to the hundreds of employees who have been toiling away at the Department of Energy and within British Gas itself, three merchant banks, five firms of solicitors, four stockbroking firms, two consultants, four foreign investment banks, two advertising agencies and one clearing bank are all involved in the flotation.

The cost of such labours will be enormous. The Government spent £263m selling British Telecom, and the larger flotation of British Gas is likely to cost still more.

However, not all the BT costs went into the pockets of City firms: about £110m represented revenue lost through the telephone bill vouchers given to shareholders. Nevertheless, if BT experience is anything to go by, the companies helping with the flotation are likely to earn more than £150m.

While the Government will bear the lion's share of cost, some of the expense will be met by British Gas itself. The corporation takes the view that anything it spends is easily justified by the boost given to its standing with its customers by the deluge of flotation publicity.

Because of its size, British Gas will be sold to a wide variety of people—to individuals, large financial institutions, probably to foreigners, and to employees, who have been offered a package of cheap and free shares.

However, the main thrust of the sales campaign will be directed at the private investor, as a part of the Government's policy of creating a nation of small shareholders.

The Government has set itself the ambitious target of reaching more than 4m shareholders with British Gas, nearly twice as many as the record 2¼m who turned out to buy shares in BT.

A special effort is being made to turn some of the 13m British Gas consumers into shareholders. They have been promised first place in the queue for shares, and will also be given further incentives, which are likely to include vouchers against their gas bills.

"Mum, can I have some British Gas shares and an ice-cream?"

In addition the general public is being bombarded with publicity about the company through a series of television, radio and press advertisements, which attempt to instil awe about the complexity of British Gas's business.

Selling the company to about 500 UK financial institutions is going to be a more exhausting task, as most of them want to meet the management. Starting at the end of this month, each of the three brokers to the issue will be inviting their clients singly and in small groups to have lunches, teas, dinners and meetings with the company's top brass.

Next month a team led by Rothschild, the Government's merchant bank advisers, will take to the road to introduce British Gas to regional stockbrokers to make sure that they are ready to field questions from their clients.

The purpose of all this activity is merely to prepare the ground for the real sales pitch which will begin at the end of October, about a month before the flotation itself. Then, the full team of British Gas main board directors, (with one exception who will stay at home to look after the company), will go on the road again, travelling throughout Britain, and probably touring Europe, US, Japan and Canada.

While there is some scepticism within the corporation about the value of this whistle-stop tour, Dewe Rogerson, which calls itself "the guardian of the strategy," insists that it is worth while.

The marketing campaign will be modelled on the BT effort, also handled by Dewe Rogerson, and which was generally thought to have been a great success.

Other aspects of the BT sale have been judged anything but successful and it is possible certain areas of the British Gas flotation may be handled differently.

A report from the Commons Public Accounts Committee published at the end of last year doubted the need to sell the shares abroad, and questioned whether it was necessary to underwrite the issue, because the price had been set so low.

The cost of the sale of BT to foreigners was nearly £30m. It was argued that this was money wasted, given the popularity of the issue in the UK.

Nevertheless, the Government seems determined to press ahead with an overseas sale, and although it has not yet announced its decision, the appointment of four overseas advisers is powerful evidence that it intends to spread the shares as widely as possible.

However, it is anxious to avoid a repeat performance of BT when the shares designated for the US market were sold immediately at an immodest profit to UK investors. This time American investors may be required to hold the shares for a minimum period before they are allowed to take any profit.

Neither is the Government likely to give much ground on the question of underwriting. The underwriters are paid to take up the issue if no one else wants it, and to dispense with them altogether is a risk it is not prepared to take.

Underwriting commissions are by far the largest part of flotation costs, and British Telecom's underwriters, received £74m.

This time the Government may try to negotiate slightly lower rates of commission—but as the issue will have to be priced low enough to draw in the growds, the City should find little cause for complaint.

The next article in this series on past privatisations will appear on Tuesday.

George Graham on the significance of sterling M3 in the light of changes in the financial markets

Interpreting the signals of money supply's rapid rise

IF STERLING M3 is meant to measure the broad money supply and give an advance warning of inflationary pressures, then the signal has been flashing red for some months.

Last month's 3 per cent rise in sterling M3, which includes notes, coin and bank deposits, took the increase over the past 12 months to 19½ per cent—well above the Government's target range for the year. Over the past three months, sterling M3 growth has been running at the staggering annual rate of 39 per cent.

The problem is that a string of changes has altered the way various forms of money are used

These high and rising rates of monetary growth, however, have in recent practice been consistent with declining rates of inflation. And although last month's disappointing statistic may have delayed a cut in interest rates, it has certainly not prompted the Government to raise them.

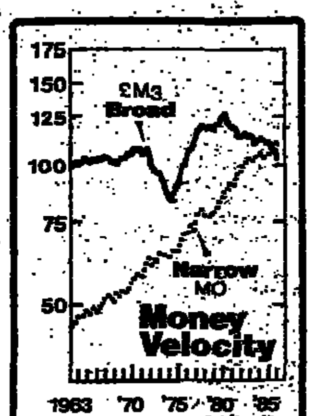
Has sterling M3—reinstated by Mr Nigel Lawson, the Chancellor, as a monetary target as recently as March—therefore lost its significance? Or is higher inflation lurking round the corner?

The problem in interpreting the growth of monetary aggregates has been that a string of changes in the financial markets has changed the way in which various forms of money are used.

A credit card, for instance, does not show up in MO, the narrow measure of money supply which consists largely of notes and coin. However, it represents spending power just as much as a handful of fivers. The actual volume of MO has in recent years been growing slowly, but the speed at which it circulates in the economy has risen steadily.

Other developments affecting the demand for MO include the 40 per cent decline over the past 10 years in the number of employees paid in cash, the spread of cheque cards, and the doubling of the number of cash dispensers in the past four years.

For sterling M3, the story has been different—it has grown rapidly in volume but its speed of circulation has slowed.



Nigel Lawson: redefined monetary policy

Since the removal in June 1980 of the "corset" restricting bank lending—otherwise known as the supplementary special deposit scheme—British banks have moved more aggressively into the personal sector of the financial market, competing with the building societies who for years had the field largely to themselves.

For the individual, this meant among other things that banks started falling over each other in their eagerness to lend money, whether for a home mortgage or for an unsecured loan to buy a car. The increased availability of credit has helped consumers to gear up. Their borrowing has risen as a proportion of their incomes from 5.5 per cent in 1981 to over 8 per cent today.

At the same time that loans became easier to come by, banks had to compete for deposits by paying a decent rate of interest on deposit accounts and even on instant access cheque accounts. This coincided with a general rise in world interest rates, even after adjusting for inflation.

The shift from low or even negative real interest rates in the 1970s to high real interest rates in the 1980s has made it more attractive for individuals and companies to hold their wealth in deposit accounts, which are counted as money, rather than using it to buy shares, houses or washing-machines, which are not.

Both companies and individuals, therefore, have in the past five years been able to increase both sides of their balance sheets—their borrowings and their financial assets.

At the same time, however, offsetting influences have tended to transform various forms of lending into traded securities and out of the sterling M3 statistic. The most recent of these is the opening of a market in sterling commercial paper.

If this process takes off—if, for instance, home mortgages come to be securitised in large quantities—sterling M3 could just as easily come to show a misleadingly low picture of monetary growth.

Prof Alan Budd, of the London Business School, argues that the unexpectedly rapid growth of the money supply that has so far resulted from these changes partly reflects an adjustment in how much of their wealth people want to keep in the form of money. He sees no immediate cause for concern, as a consequence.

Mr Lawson, in a speech to the Lombard Association earlier this year in which he redefined monetary policy, put it like this: "I am satisfied that the growth of sterling M3 in recent years reflects a genuine desire on the part of the private sector to increase its liquidity on a lasting basis. So it does not presage higher inflation."

At the Bank of England, however, there is considerable anxiety that this "glacier" of liquidity—frozen by the attraction of high real interest rates—could melt and be transformed into possibly inflationary spending.

The shift to higher interest rates has made it attractive to hold wealth in deposit accounts

In Whitehall, meanwhile, complacency has not yet set in.

While officials are reasonably confident that sterling M3 is at the moment giving the wrong signals, they are aware of the danger of ignoring it when it finally starts to give the right ones.

APPOINTMENTS

Changes at Volvo cars

VOLVO CONCESSIONAIRES has made the following senior management appointments from July 1. Mr Philip Payze, sales and marketing director, is appointed managing director. In this capacity he will be responsible for all aspects of day-to-day management of the company. Mr Peter Turnbull remains as chairman and chief executive but will concentrate on the longer term aspects of strategy and management development. He will also be devoting more time to his role as a director of Lex Service, the parent company of Volvo Concessionaires. Mr Charles Hunter-Pease, dealer operations manager and Jon Walden, manager responsible for finance and operations, are also appointed to the board.

★

The following appointments have been made to the board of INVESTORS IN INDUSTRY, the main operating subsidiary of 3i: Mr Colin Garrett, chief legal adviser; Mr Nigel Lewis, chief industrial adviser; Mr Robin McIntosh, head of personnel; Mr Jonathan Rashleigh, chief accountant; and Mr Nick Shapland, corporate treasurer. Mr Eric Barton, Mr Rodney Hall, Mr Roger Hope and Mr Brian Larcombe, investment directors with 3i City, and Mr Peter Folkman, Mr John Kingston and Mr Peter Williams, local directors with 3i regions, also join the board.

★

GRANTS OF ST JAMES'S has named the members of a new board following the merger between the light wine and wines and spirits wholesaling operations of Allied-Lyons and Whitbread. The board, to be chaired by Mr Mike Hearder, is as follows: Mr Michael Staton, managing director; Mr Edward Cory, deputy managing director; Mr Keith Charlton, operations director; Mr Philip Goodband, buying director; Mr Robert Gregory, personnel director; Mr John Griffiths, sales director—take home; Mr Tony O'Neill, sales director—national wholesale; Mr Philip Robinson, sales director—group trading; Mr John Taylor, sales director—specialist wholesaling (also continues to be chairman and managing director of Hatch Mansfield & Co); and Mr Peter Tillett, finance and planning director. Mr Ian Hannah, marketing director of European Cellars, continues as Grants of St James's marketing director until a successor is appointed.

The following executives of European Cellars become non-executive directors of Grants of St James's: Mr Colin Anderson, wine development director; Mr Jeremy Bennett, corporate affairs director; Mr Fred Heather, operations planning director; and Mr John Steele, operations planning director. Mr Walter Dodd, formerly group sales director for Grants of St James's, has been appointed sales and marketing director for Lyons Bakery, a company within the Allied-Lyons group.

★

Mr Peter Burns has been appointed director-designate of the BUILDING EMPLOYERS CONFEDERATION's Liverpool region. He will succeed Mr Derrick Langford, who is retiring in the autumn. Mr Burns takes up the post of director-designate in Liverpool on September 1.

★

Following the retirement of Mr J. F. G. Fahy managing director of M J GLEESON (NORTHERN) Mr B. J. Healey group main board director and formerly deputy managing director, has been appointed in his place. Mr J. D. Kay has been appointed the director of M J Gleeson (Northern) responsible for all building operations administered from the group's Sheffield and Manchester offices. Mr Fahy remains an executive director on the main board of M J Gleeson Group where his duties include responsibility for Powerminster northern woodworkers and commercial and industrial development in the north of England.

★

WADES DEPARTMENTAL STORES has appointed Mr Barry Nobel to the main board as finance director for the Quinton Hazell Group. He was group director at Quinton Hazell for three of his five-and-a-half years there, with specific responsibility for its overseas operations and for effecting a planned divestment programme.

★

Mr Roderick Paul has been appointed group chief executive of MITCHELL COTTS. He joined Mitchell Cotts in May 1984 as chief executive of Mitchell Cotts (Pty) and in October 1985 was appointed a director of the parent company with responsibility for the group's overseas operations.

★

Mr J. C. S. Mott, chairman of May Gurney Holdings and formerly chairman of French Kier Holdings, has been elected a non-executive director of RMC GROUP.

★

Mr Stuart D. Hollander has retired as chief executive of the Compton Webb Group, the uniform division of COATS VIYELLA, to pursue other business interests. Mr Alistair Macdiarmid becomes chairman and chief executive of Compton Webb Group in addition to his other existing responsibilities.

Mr Stephen D. Horowitz has been appointed a director of GOVER, HOROWITZ & BLUNT.

★

AT MANUFACTURERS HANOVER TRUST CO, Mr Robert S. Bethell is made a vice president and Mr C. Rodney Blair an assistant vice president.

★

Following the acquisition of International Aeradio Voice Systems Group from Standard Telephones and Cables, SWEDISH TELECOM has appointed Mr W. W. Burrows as director and chief executive of its newly established UK company, Teli Control Communications. Mr Burrows is an expert in the field of air traffic control and command and control communication systems.

Grant Thornton reorganises

GRANT THORNTON has made a number of management changes from July 1: Mr Robert St J. Buller moves from Ipswich to Bristol where he will head up the insolvency department in the South West and South Wales: Mr David Fisher has been appointed office managing partner of Crawley; Mr Rodney Westhead has become officing managing partner in London; Mr John D. McGibbon moves to Southampton where he will be the office managing partner; Mr David J. Moore from London to Ipswich as group managing partner East Anglia, replacing Mr Buller; and Mr Tony A. Steele to Milton Keynes from London where he has been involved in corporate finance.

★

ROYWEST TRUST CORPORATION has appointed Mr Brian A. Ramsey as vice president—Europe in charge of European operations now relocated in Douglas, Isle of Man. He had previously been the vice president of its Latin American and Caribbean operations based in the Cayman Islands.

★

Mr Bill Burgess has been appointed managing director of ETERNIT TAC, a recently formed company brought about by the merger of fibre-cement manufacturing concern Eternit Building Products and TAC Construction Materials. Prior to the merger Mr Burgess was managing director of TAC Construction Materials.

★

Mr Denis F. Desmond has joined the NATIONWIDE BUILDING SOCIETY's divisional board for Northern Ireland. He is chairman and managing director of Desmond and Sons and a member of the board of Ulster Development Capital. Mr John R. Gorman has also joined the divisional board. Mr Gorman was, until his recent retirement, chief executive of the Northern Ireland Housing Executive.

BASE LENDING RATES

	%		%
ABN Bank	10	First Nat. Fin. Corp.	11
Allied Dunbar & Co	10	First Nat. Sec. Ltd	11
Allied Irish Bank	10	● Robert Fleming & Co.	10
American Express Bk.	10	Robert Fraser & Ptrs.	11
Amro Bank	10	Grindlays Bank	‡10
Henry Ansbacher	10	● Guinness Mahon	10
Associates Cap Corp	10	● Hambros Bank	10
Banco de Bilbao	10	Heritable & Gen. Trust	10
Bank Hapoalim	10	● Hill Samuel	§10
Bank Leumi (UK)	10	C. Hoare & Co.	10
Bank Credit & Comm	10	Hongkong & Shanghai	10
Bank of Cyprus	10	Knowsley & Co. Ltd	10½
Bank of Ireland	10	Lloyds Bank	10
Bank of India	10	Edward Manson & Co	11
Bank of Scotland	10	Mase Westpac Ltd.	10
Banque Belge Ltd	10	Meghraj & Sons Ltd	10
Barclays Bank	10	Midland Bank	10
Beneficial Trust Ltd	11	● Morgan Grenfell	10
Brit. Bk. of Mid. East	10	Mount Credit Corp. Ltd	10
● Brown Shipley	10	National Bk. of Kuwait	10
CL Bank Nederland	10	National Girobank	10
Canada Permanent	10	National Westminster	10
Cayzer Ltd	10	Northern Bank Ltd	10
Cedar Holdings	11	Norwich Gen. Trust	10
● Charterhouse Bank	10	PK Finans. Intl (UK)	11
Citibank NA	10	Provincial Trust Ltd	11
Citibank Savings	¶10.75	R. Raphael & Sons	10
City Merchants Bank	10	Roxburghe Guarantee	11
Clydesdale Bank	10	Royal Bank of Scotland	10
Comm. Bk. N. East	10	Royal Trust Co. Canada	10
Consolidated Credits	10	Standard Chartered	10
Continental Trust Ltd	10	Trustee Savings Bank	10
Co-operative Bank	*10	United Bank of Kuwait	10
The Cyprus Popular Bk	10	United Mizrahi Bank	10
Duncan Lawrie	10	Westpac Banking Corp	10
E. T. Trust	11	Whiteaway Laidlaw	10½
Exeter Trust Ltd	10½	Yorkshire Bank	10
Financial & Gen. Sec.	10		

● Members of the Accepting Houses Committee. * 7-day deposits 5.69%. 1-month 6.03%. Top Tier—£25,000+ at 3 months' notice 9.72%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 6¼% gross. ¶ Mortgage base rate. § Demand-deposit 5.82%. Mortgage 11%.

Civil servants walk out over GCHQ pay cuts

BY DAVID BRINDLE AND KEVIN BROWN

CIVIL SERVANTS in many parts of the UK staged protest walkouts yesterday in reaction to the decision to cut the pay of some union members at Government Communications Headquarters (GCHQ).

The strength of feeling shown is expected to add force to a call by one Civil Service union, to be considered next Tuesday, that there should be a national one-day or half-day strike in all government departments.

In the Commons, the pay cuts were strongly criticised yesterday by Labour and Alliance MPs. But Conservative back benchers rallied behind the Government as the GCHQ issue again threatened to cause it difficulties.

Most disruption yesterday came when civil servants failed to return to their workplaces after lunchtime meetings called to protest at the pay cuts of up to £1,000 a year, for two years, imposed on 12 staff who rejoined union in defiance of the ban on union membership at the GCHQ centre at Cheltenham and its out-stations. GCHQ is responsible for the analysis of material gathered by communications surveillance.

Departments said they were unable to measure the extent of the walkouts or give details. However, the Treasury did admit that "a lot" of workers throughout the Civil Service seemed to have taken action.

According to the unions, offices hit by disruption included: many local Jobcentres and social security benefit departments; the Department of National Savings in Glasgow; the Home Office and Passport Office in London; the Manpower Services Commission headquarters in Sheffield; the Office of Fair Trading and parts of the police national computer.

Some areas, such as Merseyside, are expected to experience similar half-day action on Monday.

Union leaders, who believe the Government will have been taken aback by the feeling still evident over the two-year-old GCHQ issue, intend to press for a meeting with Sir Geoffrey Howe, the Foreign Secretary, when they hold a meeting on Monday with Sir Robert Armstrong, head of the Home Civil Service, and Sir Peter Middleton, Permanent Secretary to the Treasury.

The unions also intend to take legal advice on a possible court challenge to the pay cuts. They point out that recourse would normally be to an industrial tribunal, but that the right of GCHQ staff to go to tribunals was withdrawn at the time the union ban was announced.

On Tuesday, the unions will discuss a call by the Society of Civil and Public Servants for national official industrial action—timed ideally to precede any meeting with Sir Geoffrey and to fall within the 14-day period allowed the GCHQ staff to appeal against their penalties.

Mr Tim Renton, Foreign Office Minister of State, said in a Commons statement yesterday it would have been "entirely inappropriate" not to have taken disciplinary action against GCHQ staff who remained in breach of their conditions of service.

Court rejects NUM claim to sole representation of miners

BY DAVID THOMAS, LABOUR STAFF

THE NATIONAL Coal Board was given the go-ahead by the High Court yesterday to change its bargaining and consultative machinery to reflect the emergence of the break-away Union of Democratic Mineworkers.

Mr Justice Scott turned down arguments by the National Union of Mineworkers that the 1946 agreement giving the NUM exclusive rights for miners was legally enforceable.

Mr Kevan Hunt, NCB head of industrial relations, welcomed the decision and said: "It is the board's desire to establish meaningful conciliation and consultation arrangements with representatives of the NUM and the UDM at the earliest possible date."

The NCB has sent both unions proposals which would mean different changes for the pay bargaining and consultative machinery.

On pay, the NCB has proposed identical bargaining machinery for both unions, but it would probably wish to bargain separately with the two unions. When it comes to consultation, the NCB has proposed that the two unions should take part in the same machinery.

However, both unions made it clear yesterday that they would not take part in the same machinery together.

Mr Arthur Scargill, NUM President, said last night: "We have no intention of sitting down with the UDM which is an organisation ostracised by the entire Labour movement."

Mr Ken Toon, UDM president, said: "We would not accept that we should sit down with a trade union that is not capable of negotiating wages or any other benefits."

The NCB said yesterday that it had not decided what to do if the two unions formally refused to participate jointly in the same machinery.

On the pay side, the position is complicated by the recent ruling by an industrial tribunal against the NCB's decision to pay UDM members higher rates of pay than NUM members at a pit where the UDM was in a minority.

The NCB is appealing against this decision, but it acknowledged yesterday that if the decision stood, it would reduce the point of having separate pay machinery for the two unions since its ability to pay them different rates would have been diminished.

However, Mr Toon said after the judgment: "We will have our own negotiating scheme separate from the NUM and will be responsible for our own negotiations on behalf of our members."

Aerospace workers vote to end strike

Financial Times Reporter

STRIKING manual workers at Lancashire's three British Aerospace factories have voted to return on Monday.

In a ballot held yesterday the 5,000 workers, who walked out eight weeks ago, voted by over a 1,000 majority to call a halt to the pay dispute.

Factories at Preston, Salmesbury and Warton were brought to a standstill following the strike decision over management proposals for a three-year pay deal.

After weeks of negotiations, the unions failed to change the details of the pay package but secured a lump sum payment totalling almost £600 for this year and next.

When the result of the ballot was announced, Mr Jim Slater, chairman of the joint shop stewards negotiating committee, said the fact that the workers were running short of money after the lengthy dispute had much to do with the vote.

Print unions claim success of flying picket

By Our Labour Editor

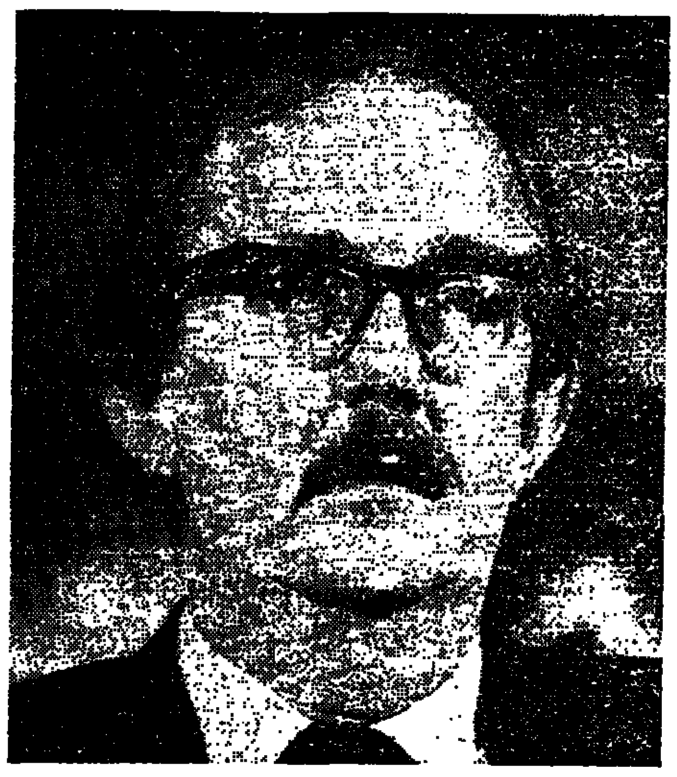
PRINT UNION picket organisers claimed a major success yesterday in organising the largest flying picket so far in the News International dispute. They said it had halted distribution of the company's newspapers from the depot picketed.

Claiming success for a switch in tactics, picket organisers said that they had made efforts to counter the switching by TNT, the company distributing News International papers, to other depots strung round the M25 motorway when one particular depot was picketed.

They said they had issued instructions on Thursday night by envelope to pickets, setting up decoy pickets at depots at West Horsden and Byfleet, drawing off police to there, then sending the main body of 500 pickets in waves to the depot at Snodland, Kent.

Philip Bassett on a new package of proposals from the GMBU

Glossy pitch for high-tech sector



John Edmonds—hostil to 'boomerang arbitration'

WHEN THE leaders of the General, Municipal and Boilermakers Union announced at its annual conference in Scarborough earlier this month a campaign to try to attract employees in the service industries, one of the few expected growth areas of employment, it gave only half the picture. Yesterday, the GMBU painted the other half.

In a London hotel, the GMBU launched its glossy image of itself—a new pitch, called Into 2000, by its white-collar section, Matsa, directed at the other expected employment growth area, the high-tech electronics sector.

Other unions—the electricians' union, EETPU, the manufacturing union Tass and the white-collar ASTMS, Association of Scientific, Technical and Managerial Staff—have tried before in high-tech, and mostly they have failed. Low unionisation in the sector has stayed low.

But the Matsa draft agreement launched yesterday as the central part of Into 2000 tries to learn from and improve upon other unions' unsatisfactory experiences.

Based partly on the GMBU's own successful agreement with National Panasonic, the Japanese electronics company, with an offshoot in South Wales, the GMBU's package is a direct response to the one launched by the EETPU two years ago. There are parallels in style (a glossy prospectus, laced with photographs of microchips) and in content (many of the elements which make up the EETPU's strike-free deals).

The EETPU woke us up to the fact that we had been lagging way that we projected ourselves," said Mr David Plant, the GMBU's national staff officer. "But we don't think that the EETPU got the package right when they did it."

The package tries to learn from other unions experiences

Getting the package right for the GMBU has included rejecting specific no-strike clauses, and pendulum arbitration, the strike-substitute mechanism at the heart of the EETPU's deals whereby an arbitrator decides in favour of the union or the employer.

The GMBU's Into 2000 prospectus: "Some fashionable 'no-strike' deals are already causing concern in a few boardrooms. After all, 'no-strike' deals haven't stopped unofficial action and never will. Then there's 'pendulum' arbitration, which is unlikely to be a panacea for all industrial ills."

Mr Plant calls pendulum arbitration a "gimmick." Mr John Edmonds, GMBU general secretary, is more graphic: "I always refer to it as boomerang arbitration. You throw the problem away, and if you are lucky it lands back at your feet. If you are unlucky it may hit you in the back of the head."

He is insistent, too, that employees should not sacrifice their civil rights—in particular, the right to strike. The document says: "We believe everyone needs to look deeper than a simple 'no-strike' deal to the development of an industrial relations package which will stand the test of time."

The GMBU package, too, eschews the company councils featured in the EETPU agreements which, because of their employee involvement and information provisions, have deterred many managements from reaching a deal with the electricians.

What the GMBU proposals offer are many of the elements of the EETPU approach—single unionism (on greenfield sites only), single status, flexibility and binding arbitration, triggered by either party — in what it describes in its pitch to employers as "a progressive, responsible and stable relationship between your company and its employees.

"This is because our single-union, single-status agreement offers the opportunity of developing one of the best and most constructive forms of agreement available: an agreement based on realism and mutuality. Other agreements may — at first sight —seem to offer more immediately tangible benefits. But is it really so?"

The tangible benefit the GMBU is offering, aside from its strike-limiting industrial relations provisions, is a fresh twist on a fresh development.

To help keep down their direct costs, many companies, especially small, new companies in the electronics sector, contract out much of their peripheral work — not just cleaning and security operations, but even the operations connected with software development.

Mostly, unions have opposed this trend. The GMBU in its proposals offers companies the opportunity to use the union's own expertise in personnel and industrial relations work as a kind of external package deal to solve some of the problems involved with growth

Mr Edmonds said: "We have more experience than any industrial relations department in any company in the country. If a company—a UK company or an international company—wants to set up in this country they will know that not only will they get from us detailed knowledge of existing law, for instance, but also advice, help and support to set up a successful company within the British environment."

Among these "contracted out" services would be advice from the union's respected health and safety department. The document says: "We can save you both time and money in seeking the information and expertise you need for your particular hazard problem. And our health and safety services will cost you nothing."

Others include help with company training, at the GMBU's new training college in Manchester, and with financial advice. "We're particularly well placed to assist employers who are deciding on an appropriate package of pensions, life assurance and other financial benefits for employees," the document says.

"Because Matsa has no financial interest in recommending one particular course of action above others, our advice doesn't suffer from the bias built into advice by agents receiving commissions."

The GMBU's new approach is likely to draw criticism, particularly from the left of the labour movement. The union and other unions are none the less increasingly convinced that Britain's unions will have to embrace the approach as the UK labour market continues to change.

This is a bid for long-term survival and growth

Linked with the GMBU's strategy for workers in the service sector, it is a bid for long-term survival and growth. It is, as Mr Edmonds says, a move towards "the development of sound, strong and stable industrial relationships through to the next century."

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Saturday June 21 1986

The Right Approach

MRS THATCHER has moved early in appointing a team of Cabinet ministers, presided over by herself, to prepare a strategy for a third Tory term in office, even though the next general election may still be two years ahead. She was right to do so.

An outstanding feature of the Conservatives in opposition in the 1970s was the way the party tried seriously to prepare for government. It issued a series of pamphlets over the years some of which, like *The Right Approach*, read well even today. The 1979 election manifesto was a firm statement of intent to change the political and economic direction of the country.

The approach to the general election which took place in 1983, however, was altogether more frantic. Mrs Thatcher's initial instinct had been to hold out for the full term. She was persuaded otherwise, and the result was that the Tories went to the electorate with a manifesto that had been ill thought-out. Many of the Government's troubles in the last three years have stemmed from an absence of strategy, though there is of course also the boredom factor with a party that has been in power as long as some people's political memories.

It is therefore wise to start thinking again and to see the world not as it was pre-1979 but as it is in 1986 and may be in 1987-88. Indeed, if the Tories are really clever, they will imagine that they are again in opposition, look at the world that they have created, examine its imperfections and say what they would do to put it right. For they cannot easily go to the country seeking a third term on a slogan like: "Don't let Labour ruin it." They need to be positive.

Sharp decline

The Tories have changed a great deal for the better. The power of the unions has been tamed. Mrs Thatcher has stood up to a miners' strike. Inflation has been brought down and public expenditure is more or less under control. There are other achievements that may or may not have taken place under a different administration. Rhodesia was settled. Britain has come to terms with membership of the European Community and the Government is making a brave attempt at dealing with the Irish question.

Yet there is a negative side. The changes for the good have taken much longer to effect than the Tories ever estimated in 1979. At the same time, new problems have arisen: over three million unemployed, for example, and the sharp decline in manufacturing industry. Her Majesty's Inspectorate recently noted the deterioration of the physical condition of many of the country's schools; the same might be said about much of the housing stock. There are still far too many people living below the safety net—if indeed the safety net has a place in the Tory version of the market economy. Looked at like that, the record is less impressive.

Meanwhile, the political scene in general has been transformed. In 1979 there was no Social Democratic Party. The formation of the SDP and the subsequent alliance with the Liberals in turn had an effect on the Labour Party. Labour under Mr Kinnock no longer looks like a throwback to a drab socialist past.

It may be said that that is a tribute to the Tories: they have educated the opposition parties in their ways. Up to a point, that is true. But the Tories cannot afford to be complacent about it. A Labour Party that picks up the modern techniques of marketing and promises to relieve unemployment could be an attractive electoral proposition.

Continuing drive

It is also the case that even where the Tories have done well, other countries — without the benefits of North Sea oil — have done better. The French and West German inflation rates are lower than the British: so are the unemployment figures. The Government's decision to give greater priority to education has come rather late in the day. The French and Germans were going on regardless. Italy has been steadily catching up in terms of the standard of living. So, at best, Mrs Thatcher can claim to have arrested the relative British decline. The country has hardly risen in the world economic table.

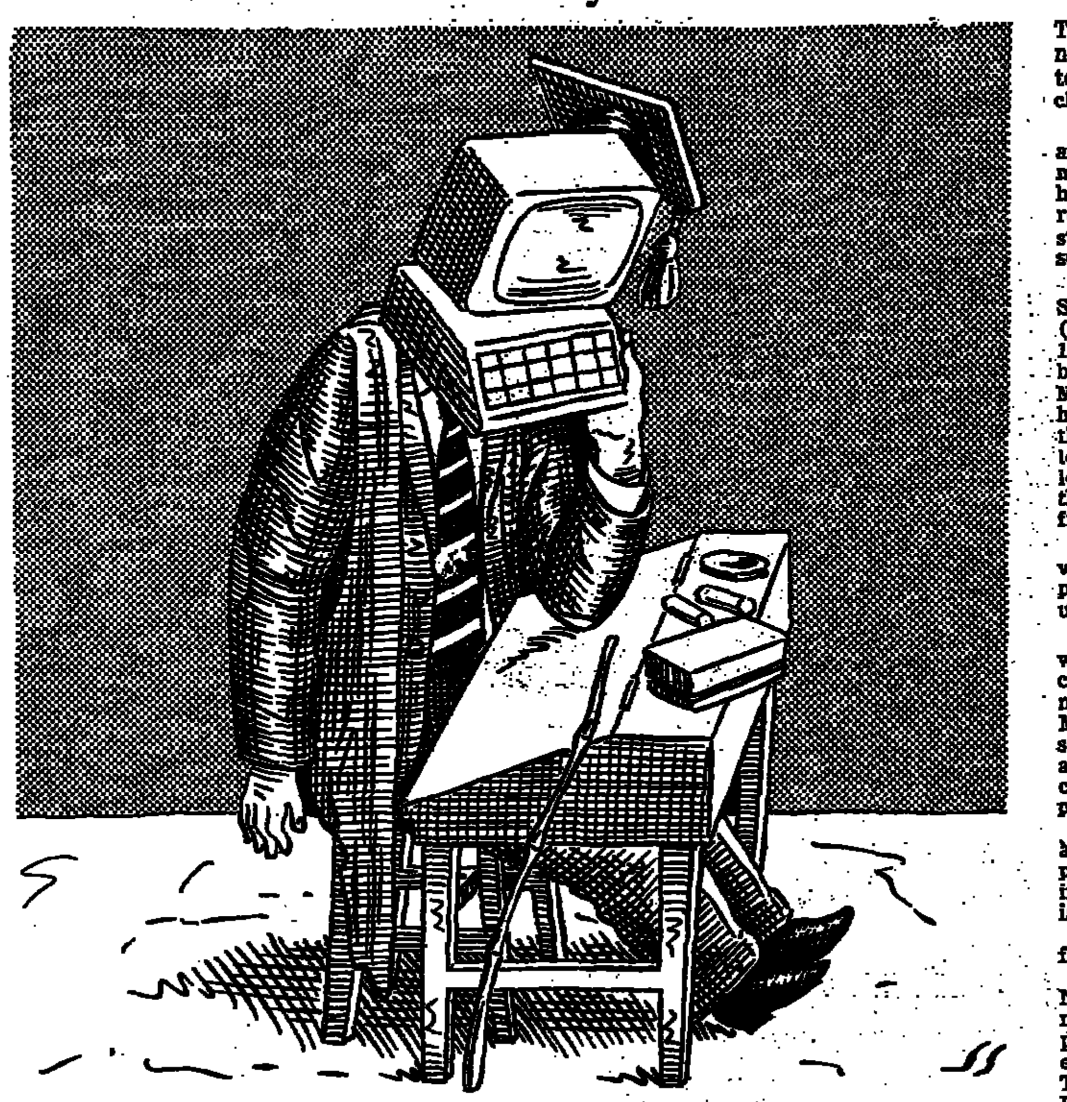
Those are the facts that the Prime Minister and her strategy team have to contemplate. It would be wise to start from the admission that they have not done nearly as well as they hoped seven years ago. The priorities today are different. The reduction of unemployment must be at the top of the list: so must a continuing drive to improve education and training.

Mr Lawson has had some radical ideas about tax reform when he first became Chancellor. They seem to have disappeared in the general run of day to day government business. Yet if the strategy team is serious, it will begin to develop them now in preparation for the manifesto. It would be useful to have a series of papers on the right approach to the 1990s. The Government is past the time of life when it can afford to rely on old victories and the electorate's fear of finding something worse.

COMPUTERS IN SCHOOLS

An acorn for the teacher

By Alan Cane



THE SCHOOL microcomputer had been lying unused for six weeks but the Leeds, Yorkshire, headmaster was unrepentant. "It is the chickens, you see." The chickens? "Yes, the children are hatching chickens just now and we are using the only suitable electric socket for the incubator."

This story is true and there are many like it. Everybody investigating the UK's efforts to persuade primary and secondary schools to come to terms with microelectronics and computing can reel off a string of similar, if less exotic, excuses they have been offered for indifferent progress.

Some relate to quite real physical difficulties: "The caretaker carries it about for us and yesterday he dropped it. He was completely shattered," one teacher said. So was the computer.

Other excuses have a more telling, philosophical ring: "I'm not interested," a head teacher snapped. "If you cannot teach five year olds without a computer, there is something wrong with you."

But for the past six years, it has been received wisdom that unless the U Kearns to teach five-year-olds and all the rest of its schoolchildren with and about computers, there will soon be something very wrong with the country itself.

Without adequate training in the new "information technology" made possible by cheap microelectronics, the argument goes, Britain's workforce in the 21st Century will lack the industrial and business skills which will then be necessary for success. Its competitive position will be further eroded and it will sink helplessly while more technologically aware nations make the running.

It was very much with these thoughts in mind in the late 1970s that the Government decided to stop the gap with cash. No single item of educational technology has ever received the financial support from central government afforded the microcomputer.

Two separate programmes were initiated — one to put computers in schools, the other to make sure they were used properly.

From 1981 through to 1984, the Department of Trade and Industry spent £16m on its "half-a-micro" initiative. It paid half the cost of a microcomputer for every State primary and secondary school, provided the relevant local education authority was prepared to find the rest of the money.

It was a spectacular success. By late 1984, 98 per cent of schools had installed at least one microcomputer; the average number of machines per school was 8.7. Many secondary schools had 20 or more, chiefly the BBC "B" built by Acorn or the Research Machines 380Z.

A second initiative, the Microelectronics Education Programme (MEP), was planned and funded to the tune of £23m by the Department of Education and Science (DES) between 1980 and March this year when it was closed down.

It had two aims: to promote the teaching of microelectronics in schools and to encourage the use of computers as aids to teaching and learning.

There has been a flurry of lesser initiatives. Last year the Industry Department set aside £3.5m for schools to buy educational software on the same pound-for-pound basis as the computer hardware.

In February this year it agreed to spend £1m to equip every middle (junior) and secondary school with a modem, a device which makes it possible for school computers to "talk" to each other over the telephone line and for pupils to use their computers to seek information held on other computer systems.

So, to date, over £40m has been spent or committed by central government alone. Local educational authorities have spent at least the same on hardware and software and in establishing regional centres for training teachers in the new skills.

But to what effect? Are Britain's teachers and children now better equipped for the Brave New World of information technology. Educational researchers Nigel Ellam and Jerry Wellington of Sheffield University in a paper to be published later this year* echo the private anxieties of parents, teachers and the business community when they point out: "Doubts are increasingly being cast by participants at all levels over the effectiveness of computer education and its ability to enhance 'good practice.'"

There are two basic questions. Has it all, in fact, been worthwhile? And have the various government and local authority initiatives been an effective way of introducing computers and computer-based learning methods to schools and school children?

The answers are respectively: Almost certainly yes, and probably no.

There is a substantial measure of doubt in both answers because the effects of this kind of innovation are difficult, if not impossible to measure. Such statistics as exist beg more questions than they answer.

Over 100,000 teachers, for example, have been through the MEP two-day computer awareness programme. But to what effect? One schools inspector said bitterly: "It has left us a terrible legacy. Are we really to believe you can learn something worth while in two days?"

The number of children who passed "O" level computer studies rose to 56,000 in 1984 from 10,000 in 1979, but does that prove anything more than the subject is in vogue? Worse, does it indicate that all that hardware and software shovelled into the schools has simply been used narrowly to teach computing rather than used broadly, as the MEP team intended, as a teaching aid across the curriculum?

The DES, aware of the problems of assessing curricular change, was unwilling to fund the necessary research. The MEP team had no time to assess their work as they went along, although Mr Richard Fothergill, director of the programme, is now working on a final report. The schools inspectorate is also preparing its own analysis to be submitted, in due course, to ministers.

But as Ann Irving, a senior member of the MEP team, argues: "How do you evaluate an initiative designed to help prepare children for the future when society is still trying to work out the implications of the 'information economy?'" There is anecdotal evidence to suggest, however, that the various initiatives have substantially achieved their objective of opening the eyes of the educational system to computing. They have served as a catalyst, without which very little would have happened.

Across the country, the effect has been patchy, but where the circumstances have been just right, some brilliant results have been obtained—and not simply in the most privileged schools.

A group of primary schools in Northern Ireland, for example, is using its computer network to link up with classes in the Shetland Isles, Devon and the Thames Valley in the UK as well as "outback" schools in Victoria, Australia. They exchange accounts of their neighbourhood, lives and interests with their "electronic classmates."

Sheffield is another fertile area. Its education authority, mindful of the need to attract high technology industry to relieve unemployment as the steel mills closed, has been very supportive.

So Crookesmoor Middle School, a social priority ("troubled") school of about 100 pupils has two computers, both with disk memories, and Mr John Perkins, having done his two-day training, spreads the gospel showing his colleagues how to connect and load the machines and select *the most appropriate software* from their small stock.

The children are adept at word processing; recently they produced their own newspaper using the computer and printer.

Myers Grove Comprehensive, with 2,000 pupils, has over 20 computers linked together in a network. The guiding spirit, Mr Paul Harrison, is now seconded to a research project at Sheffield University. He complains of a shortage of computers.

"Sheffield's policy is that the average pupil should spend 8 per cent of his or her time on information technology; here it is 0.17 per cent," he says.

Yet other schools view his facilities with envy.

Most encouraging of all is Nook Lane Junior school, a model for computing in primary schools. Driven with enthusiasm by the headteacher, Tim Gadd, and his deputy, Pamela Handson, the children use their computers as naturally as any other piece of educational technology.

These bright spots excepted, the most telling criticism of MEP is that it got to the teachers but failed to reach the children.

Mr Philip Lewis, the DES official with special responsibility for MEP agrees. "I do not think the influence of MEP has yet been fully realised in the classroom," he says.

But it is perhaps too easy to criticise. So impressed were other countries with Britain's initiatives in information technology that over 30 of them came to see what Britain was doing and went away impressed, even jealous.

Now they have set up their own, frequently more costly and ambitious, schemes.

France has its "Informatique pour Tous" programme worth £200m, Holland its "Informatica Stimuleringsplan" costing £330m for education; Italy plans to spend £113m equipping its secondary schools with computers.**

The accent in each of these countries is slightly different, but the aim is identical to that of the UK programmes—to get microcomputers into the schools and to produce people confident in handling them.

Mr William Broderick, in charge of MEP's overseas programme, believes the UK lead is slipping fast: "They will certainly catch up unless we keep our running shoes on."

The MEP team undoubtedly made mistakes. Teacher training was often perfunctory, software of poor quality, the physical problems of shoehorning a delicate piece of equipment into rumbustious school environments ignored.

But it was all done on a shoestring against *impossible deadlines*. "We were hi-jacked mentally and strategically by the time available," Mr Fothergill complains. "We could not check the success of individual software or evaluate the results properly."

Ms Ann Irving agrees: "We were running like mice on the treadmill all the time."

But those involved do not deny the programme's significant overall effect. MEP may not have solved the problems of computer-aided education, but every teacher in the country knew something important was going on *which they could share in if they wanted to.*

Masses of good, worth-while software was developed and regional computing centres established to fuel the fires for the enthusiasts.

Late last year, the Government announced that a special unit, the Microelectronics Support Unit (MESU) would be set up with £3m funding for 1986-87 to carry on the work of the MEP.

Mr John Foster, a senior county inspector with Hereford and Worcester lea has been appointed director. Based on the Science Park at Warwick University, the unit, Mr Foster says, will try to build on the best parts of the MEP.

It will consult with the colleges of education, with the local education authorities and with teachers in a way which the MEP team, running to stay *in one place, were not able.*

It will use its funds to sponsor the writing of education software and other teaching materials from colleges, universities and the software industry itself.

To help teachers understand more clearly how to use the materials, it will make video films of good teaching pratice.

And other organisations like the Council for Educational Technology are examining plans to create and sell teaching materials to keep cash flowing into the schools: "£2m-£3m extra a year would be enough to keep the UK at the leading edge," Mr Broderick argues.

So British education has taken its first, admittedly shaky, step forward into the information age. It will take a steady flow of funds and a steady glow of enthusiasm from committed teachers and teachers-trainers to maintain the momentum and ensure that six years of spadework are not wasted. That is MESU's principal responsibility.

"The catalyst worked," Mr Foster says, "now it is time to make sure the computing reaction is going in the right direction."

**Computers in the Primary Curriculum. Sheffield University.*

***The Education market for Personal Computers in Europe, Intelligent Electronics, Paris, 1986.*

Man in the News

Justice Rehnquist

Reagan seeks a supreme legacy

By Stewart Fleming in Washington

IT follows a hallowed tradition but it is a practice which has frequently backfired. When President Ronald Reagan announced last week that he would nominate Associate Justice William H. Rehnquist, 61, to succeed Chief Justice Warren E. Burger, 78, at the head of the US Supreme Court, he was only doing what many of his predecessors have done before him—trying to "pack" the court with political sympathisers.

A President's term is short, at the most eight years. But Supreme Court justices are appointed for life. Through the court, the political philosophy of a long-departed President can live on. His successors must wait until a justice dies or retires to make replacements.

It is not just the judges' longevity, but also their power to decide which laws accord with the constitution and which do not, and so to shape American society, that lends enchantment to the idea of putting political sympathisers into the marbled neo-classical temple that is the home of the court on Capitol Hill.

Justice Rehnquist's credentials are as unimpeachably conservative as President Reagan's. During his 14 years membership of the court (he was appointed by President Nixon in 1971) his critics have complained that at times he has allowed the logic of his legal arguments to be twisted and weakened by the strength of his political ideology.

An ardent supporter of the 1964 right-wing presidential candidate, Senator Barry Goldwater, his conservative views have consistently been a feature of his Supreme Court opinions. He was a lone dissenter, for example, when the court ruled in 1983 that the Federal government could and *should withhold* tax benefits from private schools which practise racial discrimination.

He has also repeatedly taken the stance that Federal courts should refrain from interfering with the affairs of the 50 state court systems. *More controversially* he dissented from Supreme Court rulings supporting affirmative action programmes, saying in one decision: "There is perhaps no device more destructive of the notion of equality than the quota."

Born in Milwaukee, Wisconsin, Justice Rehnquist went to college at Stanford University, California, before studying political science at Harvard and then being awarded a law degree from Stanford.

He first came to Washington in 1952 as a law clerk for Justice Robert H. Jackson, for whom, it later emerged, he had written a memorandum arguing that the court should not overturn the "separate but equal" doctrine which was then used by segregationists in the South to resist racial integration. The memorandum surfaced at his Supreme Court confirmation hearings in 1971, but Justice Rehnquist denied that it was a statement of his views or that he supported segregation.

His conservatism at the court is rooted philosophically in the view that its judgments should stick strictly to the letter of the Constitution and that it should not allow itself to interpret laws so flexibly that it becomes, in effect, another legislative chamber.

This is the charge levelled by today's conservatives generally against the Supreme Court of *the 1960s and early 1970s* when a liberal majority led by Chief Justice Earl Warren "revolutionised constitutional law and American society" as Mr David O'Brien puts it in a recently published book.

It was the Warren Court, for example, which laid the foundations for the end of official racial segregation with its landmark 1954 ruling, Brown versus the Board of Education of Topeka.

This, and the subsequent reinforcement of efforts to break down segregation by, for example, court-ordered "bussing" of children, amounted in the view of most conservatives, to the courts indulging in liberal social activism.

Looking at his record and his political background Mr Reagan will probably not have to lie awake at night worrying that in Justice Rehnquist he is falling into the trap which has beset some of his predecessors of giving the top job at the court to a man who later proves to be a less faithful disciple.

Assuming Justice Rehnquist is approved by the Senate, and that Mr Reagan's nominee to fill Justice Rehnquist's seat, Federal District Court Judge Antonin Scalia, *50, is also confirmed*, Mr Reagan can be reasonably confident that he has given the court a twist to the right.

Both Justice Rehnquist and Judge Scalia are seen in legal circles to be conservatives of *broader talents*, men with powerful and flexible minds who will be able to influence their colleagues not only by their ability to communicate their views but also by their personal charm. Judge Scalia *in particular, the first Italian* American to be nominated to the court, is a man of caustic wit, both written and verbal.

Although the new appointments will not fundamentally alter the numerical political balance, such calculations oversimplify the personal and political dynamics of the court. They also overlook the tendency of justices to do the unexpected.

Judge Scalia has mraked *himself as a conservative by* principle and by ideology. A Roman Catholic, his opposition to abortion is well documented, as is his opposition to racial quotas and affirmative action. But he has written that conser*vatives "must decide whether* they really believe, as they have been saying, that the courts are doing too much, or whether they are actually nursing the less principled grievance that the courts have not been doing what *they* want."

It is not the job of the court, he seems to be saying, to substitute one political agenda for another. Many Americans would agree that it is the job of the court to check the power of both Congress and President, as the founding fathers intended, and to keep in touch with the broad thrust of public opinion.

If this is right, Chief Justice Rehnquist will be judged by his skill in damping the political fads of his day and ensuring that they too do not conflict with principles on which American society is built.

طبق الأصل

UNION OF DEMOCRATIC MINEWORKERS

The wages of moderation

By Philip Bassett, Labour Editor, in Buxton

BUXTON, the leafy Victorian spa town in the Derbyshire Peaks, last played host to a national event when Dr David Owen's mould-breaking Social Democrats were in town in 1984. This week, it saw the first conference of the Union of Democratic Mineworkers—which in the 1984-85 coal strike broke the mould of trade unionism in Britain's mining industry.

The connection, particularly as it was made explicit by the UDM conference—which decided to establish for the union a political fund, but made it clear that the money in it would not automatically go to Labour—will not be lost on Arthur Scargill, president of the National Union of Mineworkers, as he travels to Tenby next week for the NUM's first full gathering since the strike's end.

But the connection between the UDM and the NUM, between the UDM and Mr Scargill himself (however much he might deny it) runs deeper still. The differences between them are stark: Mr Scargill sees the UDM (he refuses to call it a union: his term is always "breakaway organisation"), as a bosses' poodle, carrying the responsibility for breaking the strike, and so allowing the coal industry to be butchered. UDM leaders see the NUM as anti-ballot, undemocratic, wholly and frighteningly centralised around the near-demonic character of Mr Scargill himself.

But despite this, the two organisations are inextricably intertwined: Away now from the NUM's clutches, within reach of full statutory recognition which the Government has said it will impose by law if the NUM maintains its opposition to the UDM's representation in the industry, the UDM no longer has to see Mr Scargill as a hate figure: in Buxton this week, mention of his name in the conference room drew only ribald anger, not nervous laughter. Mr Scargill may not countenance the UDM, but others in the NUM—notably Mick McGahey, Mr Scargill's shrewd and principled vice-president—are looking for a reconciliation. For Mr Scargill, that is impossible.

But the UDM may not want to join hands again. Mr Ken Toon, its president, is adamant: more than 20 years an NUM executive member himself, he says that UDM members cannot rejoin the NUM so long as Mr Scargill is still in control.

Ken Toon (left) UDM president with Sir Ian MacGregor

Instead, the talk in the UDM is of forging a new unionism, based in its view on seeing miners as they really are, not as Mr Scargill saw them in the strike. Arguing for stable, long-term pay deals, the UDM is now backing the government and the National Coal Board's wholly market-based strategy for the industry, and is eschewing conflict.

Just as some unions have been offered a package of financial services so the UDM is appealing to miner-consumers, not the revolutionary shock troops of the first days of the strike. "This is terrific," said one UDM national council member this week, as he lolled back—for the second time that day—in the once-splendid Palace Hotel's Jacuzzi. Another, climbing in, took a tumble, disappearing beneath the bubbling water, and knocking his leg. Up for air and grimacing, he shook off the pain quickly: "I won't get much sympathy from the lads back in the pit if I tell 'em I broke me leg in a jacuzzi."

But clearly, the UDM has stumbled too. Forged in suffering and frustration—Buxton delegates, especially those not in the UDM fiefdom of Nottinghamshire, had harrowing tales to tell of the still-continuing private hell of violence, abuse, discrimination, or plain shunning—in areas where membership has not taken off.

Once claimed to be 40,000, the UDM puts its numbers now at 34,500, out of a total miners' workforce of 135,000; other, overtly hostile guesses put it much lower. Mr Toon admits that the leadership thought of giving it all up at one point when Leicestershire miners voted not to join, and while the union has hauled itself up from that low, at Buxton this week it was the sense of aggrieved incomprehension which was most apparent.

"Why won't the government pay the UDM the money when the government encouraged the formation of the UDM?" one delegate asked of Mr David Hunt, the Coal Minister, who addressed the conference with a boy scout-like enthusiasm. Having gone through the fire of joining the UDM in areas where the NUM is still dominant, UDM members in those areas have not received the £5.50 weekly pay increases most UDM members have won.

In a rambling speech at Buxton, Sir Ian MacGregor, chairman of British Coal, the National Coal Board's new title, pleaded legal difficulties on this issue.

Yesterday's court declaration that the NCB has a legal duty to consult both the NUM and the UDM will be a help for the breakaway union. But for it to maintain its members, let alone to grow, the UDM now needs a win — something tangible, on money.

To the annoyance of some UDM members, who claim their stand in the strike was not for the NCB or for Britain, but for democracy and for miners, Mr Hunt and Sir Ian were united in praising the efforts already made by UDM members primarily for their effect on the coal industry. But they and their leaders know now that if the union is to be a real force, something more than words is needed. "We are entitled to expect some additional reward for the contributions we have already made towards the industry," says Mr Toon. "We're prepared to work further with British Coal to improve the industry's efficiency — but we want some reward."

US tourists in Britain

The trickle back begins

By David Churchill

THE DUKE of Westminster will today become the latest high-powered ambassador to the American media when he does the rounds of US chat shows extolling the safety of Britain as a tourist destination.

His proselytising may have come at just the right time because—after the spring gloom in Britain's tourist industry caused by the sharp fall in US visitors — there are now signs that American tourists are beginning to trickle back into London.

The evidence for this optimism is still sketchy and largely anecdotal. The Keith Prowse ticket agency, for example, reports strong demand from Americans for Wimbledon tickets; British Airways has increased its weekly incoming North Atlantic passenger totals from 44,000 a few weeks ago to almost 60,000; and even London taxi drivers are looking happier. "They're beginning to come back," said one last night, "but it's nothing like last year."

Another straw in the wind comes from Mr Kirk Ritchie, managing director of the Lygon Arms, the famous inn in the Cotswold village of Broadway which is a favourite with Americans. A month ago bookings had fallen by almost a third and the outlook for the summer was poor.

But yesterday, Mr Ritchie said there had been a number of re-bookings in recent weeks from Americans who now felt they had been hasty in cancelling.

In the US, there are signs that the heavy selling of Britain as a tourist destination by Mrs Thatcher and others is beginning to have some effect. The five British Tourist Authority offices in America — especially the New York one — are reporting an upsurge in inquiries.

Some of the US media, moreover, are taking a more balanced view of the situation in Europe. "Nothing to fear in Europe" proclaimed a banner headline in the Philadelphia Inquirer last week.

But the recovery still looks fragile. "As yet it is just a revival in interest rather than actual firm bookings," suggests Mr Edwin Ackers from Compass Travel, part of the Thomas Cook group.

London's theatres certainly are still feeling the pinch. Even the National Theatre, one of the most popular venues for Americans, is this month offering special ticket promotions to fill empty seats.

One reflection of continued British nervousness about stay-at-home Americans is the sensitivity of some Government ministers on the issue. Mr Michael Spicer, a junior aviation minister, was stung into making a sharp retort to criticisms from the US Air Transport Association that Heathrow Airport was resisting changes to improve security.

"It's about time we told the Americans a few home truths," said Mr Spicer. "Britain's security record is excellent. The facts are that over the past five years there have been 32 hijacks on planes originating from American airports and four bomb attacks. Comparable figures for the UK are zero."

One major oddity is the fact that although many Americans have revived their UK travel plans, Continental tourist centres have yet to see a pick-up.

Mr John Stuart, UK managing director of American Express's Travel Related Services, points out that "about 70 per cent of new travel business from America is aimed towards the UK rather than the rest of Europe."

Swissair and Alitalia, for example, suggest that while there is some recovery in US traffic to European destinations, this is much lower than a year ago.

This may reflect the greater success of recent British promotion campaigns in the US—

Michael Daley

one of which involved th Prime Minister. Britain's di tance from the Chernoby nuclear reactor may also hav helped.

In the UK, tourist trade esti mates suggested that the imme diate slump in traffic after th US raid in Libya was in th order of 20 to 30 per cent, a though precise figures will no be published for several week

Mr Duncan Bluck, chairma of the British Tourist Authority believes some of the early se son gloom may have been over done. "I think we might fin that by the end of the seaso that we are only marginall down on American visitors, i at all," he says.

He points out that the 3.3 American visitors to Britai last year — spending abou £1.5bn in the process — onl represented a quarter of th total number of visitors in 198 "Our tourist industry is a lo more resilient than peopl think."

But there is little doubt th the short-fall in free-spendin Americans — especially afte record numbers came to Britai last summer — has severel dented prospects for some part of the tourist trade this yea Many hoteliers are trying to p a brave face in public on th empty beds but in private ar far more worried.

Grand Metropolitan, the i ternational hotels and leisu group, recently offered its shar holders a 20 per cent discount o five- and four-star hotels in th UK and the rest of Europe, a this time of the year these hote would normally be fully booke largely with Americans.

At least, though, the Britis tourist industry can derive or consolation from the success o its recent US marketing effort The British Tourist Authorit co-ordinated a programme whic was hardly lavish — its US pr motional budget is understoo to be only slightly more tha £1m this year — but which h made an impact.

A promotional video was mac highlighting the attractions o Britain and offered to US nev media.

British Airways participate with its much-publicised fre tickets to London and a seri of public figures — Shirl Bassey as well as Mrs Thatche —have tried to convin Americans to come on over.

Nancy Reagan appears to l one of those who are convince that London is now a saf place, since her "on-off" accep ance to come to next month Royal Wedding now seems to l on again.

The worry now, however, that the massive world-wi television coverage for the we ding may attract a publicit seeking terrorist act. "It's a been going too well for us says one anxious tourist chic

Letters to the Editor

Overtaxed inspectors

From Mr R. L. Shakeshaft.

Sir, — It seems surprising in a time of high unemployment that more staff are not recruited by the Inland Revenue. Anyone dealing with a tax office knows only too well that the average time to obtain a reply is well beyond normal business practice.

The following letter, received last week from the office of an inspector of taxes, tells everything:

"This tax office currently has arrears of post and delays are occurring in handling correspondence. At the time your letter dated May 20 was received, your original letter, dated April 22, had not been dealt with."

R. L. Shakeshaft,
2b Mill Lane, Wareham, Dorset.

Building society's design competition

From the chief general manager, Alliance and Leicester Building Society.

Sir, — I write in response to the letter from Mr G. S. Hatjoullis (June 14).

The competition sponsored by this building society is intended to generate good, practicable and cost-effective design work which can subsequently be used as new branches are opened and existing ones are refurbished. Since such a task, if it is to have real value, must be focused on an actual location we chose one of our busiest and most successful branches.

In relation to the necessary costs of updating the branch network the expenses of the competition are minuscule. Good design generally costs no more than bad design to implement and its advantages will be widely appreciated by investors and borrowers including, I hope, Mr Hatjoullis. Indeed, our customers would have cause for complaint if we paid no attention to the need to improve the offices they visit so as to provide the services they require in the most efficient and acceptable manner. The fact that we are encouraging new talent in the process must be an additional advantage.

None of this in any way detracts from the need to help sympathetically and effectively those who are experiencing financial hardship. These two aspects of our work are in no sense mutually exclusive.

A. S. Durward,
Oadby, Leicester.

Victory that would take time

From Mr N. Purchase

Sir,—Anatole Kaletsky (June 14) describes inflation as "conquered." now that year-on-year retail price inflation is below 3 per cent.

It is instructive to consider what history has described as a "great inflation," that caused by the expansion of the money stock as the twin result of New World gold and the Tudor debasement of the currency. Between 1500 and 1700, prices, as measured by the Phelps Brown-Hopkins Index of the price of consumables (Economica, volume 23, No 92) rose seven-fold.

This was a rate of increase of only 1 per cent per annum. At 3 per cent per annum, the current RPI inflation rate, prices would rise about 360 times over the same time-scale. This can scarcely be described as "conquering" inflation. Monetary policy should therefore not aim at *low* inflation, but at *zero* inflation, ie a long-term inflation rate of zero. This does not mean that prices will not rise in any year, but that prices, if they do rise, will subsequently fall. Zero inflation is not necessarily the same thing as price stability.

For example, the Phelps Brown-Hopkins Index shows prices to have been approximately at the same level in 1500 as they were in 1260, while over the somewhat shorter period from 1813 to 1900 prices fell gently by an average of ½ per cent per annum, despite in both cases some sharp year-to-year fluctuations.

One month's, or even one year's, figures do not prove that inflation has been "conquered." That will only be true, if even then, after a decade of price changes fluctuating randomly around a mean of zero. Don't hold your breath.

Nigel Purchase
Sheppards and Chase,
Gresham St, EC2.

Breach of faith with investors

From Mr A. L. Vincent

Sir,—What is happening in connection with the proposed Building Societies Act represents a breach of faith by the societies with some of their investors.

Under the protection scheme introduced by the Building Societies Association in 1982 investors were protected, if a society failed, to the extent of 90 per cent of the whole of their investment (which might have amounted to £40,000). The Act will provide protection of 75 per cent, or perhaps 90 per cent, up to an investment limit of £10,000 only. The association will withdraw its scheme when the Act comes into operation.

The breach of faith arises on substantial long-term investments (eg a five-year bond) entered into before the new Bill was known about but still binding for quite a time yet. In deciding to part with his money the investor would have relied on 90 per cent of his capital being protected if the society involved failed. But if failure occurs after the Act is brought in, the withdrawal of the association's scheme will let him down badly. Most of his investment will be completely unprotected—something he could not have visualised at the start of things.

In my view the Bill should be amended to remedy this situation.

A. L. Vincent.
23 Oathall Avenue,
Haywards Heath, Sussex.

Misleading view of nuclear reactors

From Mr J. R. Harrison.

Sir,—Simply on the basis that the pressurised water reactor (PWR) contains nuclear fuel and certain materials that are, under extreme conditions, chemically reactive, Dr Rowland (June 7) feels able to label the PWR as a "nuclear trigger plus a chemical bomb." This is very misleading.

All nuclear reactors contain nuclear fuel and all nuclear reactors, and almost all electricity-generating plants, contain chemicals which can react under extreme conditions. Even concrete will react to produce combustible gases under the right (or perhaps wrong) conditions.

What matters in engineering systems is that the relevant chemistry and physics of the materials involved are understood. This is certainly the case with the PWR. The reaction between steam and zirconium (actually zircalloy in the PWR) is taken into account fully in the design and the safety assessment of the design. Of course, all our nuclear power plants are subject to stringent safety assessment both by specialist staff in the CEGB and the nuclear industry and, independently, by the Nuclear Installations Inspectorate (NII). Moreover, the CEGB applies the same safety criteria to the PWR as to any other design.

The PWR proposed for Sizewell B is a safe system for electricity generation because its characteristics are understood and taken into account. Indeed there has been more experience with PWRs and more effort devoted to their study than to any other type of nuclear power plant. If the system were not safe there would be no question of its being accepted by the CEGB or the NII.

J. R. Harrison,
Head of Nuclear Safety Development Branch,
Central Electricity Generating Board,
18, Warwick Lane, EC4.

Stranglehold of the Militants

From Mr S. Welch

Sir,—Your recent report of the expulsion of Derek Hatton from the Labour Party (June 13) stated that this was the "most crucial and sought-after victory in the campaign to remove Militant Tendency supporters." This is far from the truth.

The tactics of Militant have been to sacrifice its most public supporters in order to protect the people that mattered, the parliamentary candidates. The expulsion of five members of Militant's editorial board in February 1983 did nothing to stop the Trotskyist tendency from growing in strength and number within the Labour Party. Mr Hatton's expulsion is yet another cosmetic exercise.

The Militant Tendency remains the wealthiest and most organised grouping within the Labour Party, with an income comparable with those of the SDP or Liberal parties. It has more full-time workers than all the other Labour factions combined, and now boasts two members of parliament.

The Tendency is the Labour Party's most successful parasite with a stranglehold over its youth section. Thousands of its supporters are paid-up Labour Party members. The battle to remove one or two leading Militants has been won; the war against Militant as a whole is doomed to failure.

Stephen Welch
66 Wilton Road, Shirley,
Southampton.

'Shareholder' tribes of South Africa

From Mr J. Kitchin

Sir,—It would appear that the common denominator in Africa is tribal supremacy. Each country is ruled by a dominant tribe. Which particular native tribe would, I wonder, take over from the whites in South Africa? If it succeeded, would it maintain the ordered society which has existed there for many years despite the growing pressure for "change"?

It could be that an association of tribes might, eventually, work out to be the best for South Africa.

It is easy to appreciate the anger of the "oppressed" and just as easy to understand the concern shown by the white tribe over the granting of too much freedom, too early. Education and steady integration must, hand in hand, be the answers.

Let us all hope that the "shareholders" are wise enough to give the "board" enough time — and that the board continues to hearken to the demands and to adjust its policy, and spending, accordingly. South Africa is a collection of people with a company problem. The striving, by outsiders, to ruin the company will hurt the shareholders just as much as the board.

A non-executive director, or two, on the "board" might help.

John Kitchin.
Gabriel Roca 37,
Puerto de Andraitx, Majorca.

Young people call for sanctions

From the chairperson, British Youth Council

Sir,—Your report (June 9) that further sanctions against South Africa may be expected from the Commonwealth is welcome news. And your support of sanctions (June 5) clearly indicates the need for such action.

Unless Britain supports comprehensive sanctions soon, the UK is in danger of isolating itself from the developing world within and outside the Commonwealth, in a way which will take a long time from which to recover.

Last year in Canada, young people from all over the Commonwealth met to discuss the common problems facing us all. At that meeting we urged the Commonwealth to reaffirm its commitment to a sporting boycott and to broaden sanctions against South Africa. I hope Mrs Thatcher will listen to the voice of both her colleagues within the Commonwealth and its young people.

Malcolm Ryan.
57 Chalton Street, NW1.

Time for lower gas prices

From Mr J. R. Lockwood

Sir,—One reads with interest of the reduction of 3.5 per cent in domestic electricity bills. It is gratifying to see that at least the electricity board does not forget the domestic consumer.

When one considers that industrial gas prices to interruptible users are now down as low as 19p per therm one wonders why domestic and commercial prices are not lower.

It would be nice to hear something from the Gas Board —I wonder when?

John Lockwood.
23 Dunsmore Drive,
Huddersfield.

Emess raises Rotaflex bid by 40%

BY LIONEL BARBER

EMESS LIGHTING yesterday raised its hostile bid for Rotaflex by more than 40 per cent to about £52m, and declared it final.

Rotaflex, a commercial lighting company, advised shareholders to take no action. The board met yesterday to consider options, one of which includes a white knight. Mr Michael Frye, chairman, said last night.

One potential white night, the New York-based company, Bairnco Corporation, with which Rotaflex has worked closely, has been ruled out following Emess higher offer. But Rotaflex's advisers, S. G. Warburg, are considering at least one other candidate

A third possible interested player emerged yesterday as Rotaflex shares rose sharply in morning trading. W. Greenwell, brokers to MK Electric, offered 445p to 450p for cash settlement, market analysts said. There was no comment from MK yesterday.

Emess advised by County Bank offered a profit and earnings per share forecast along with yesterday's higher bid. It expects a 27 per cent rise in pre-tax profits of £4.3m for the year to December 1986. Earnings per share are forecast to rise a similar amount, on a full tax charge, to 18p, and dividends are expected to rise 19 per cent to 6.2p.

Emess is offering four new shares for every three in Rotaflex, which would double the existing share capital. On the basis of last night's closing price for Emess, up 7p to 337p, the offer values Rotaflex, up 60p to 448p, at 449.3p per share. There is a cash alternative of 400p per share.

Rotaflex shareholders can choose to take half of the Emess paper offer in new Emess convertible preference shares. Emess's brokers, Panmure Gordon, value the convertible shares at not less than 100p per share.

Mr Michael Meyer, Emess chairman, said yesterday that the revised offer would not result in earnings dilution. He stressed that the offer was a very full and fair price.

Emess continued to try to undermine Rotaflex's defence by pointing out that it had failed to forecast a dividend for 1986, despite this week's announcement of a 40 per cent expected rise in pre-tax profits to £4.75m. The profit forecast was apparently higher than Emess had expected and accounts for yesterday's much higher offer for Rotaflex.

Autumn strike hits Bassett Foods profits

Bassett Foods has suffered a £1m reduction in pre-tax profit in the year ended March 31, 1986, the major cause being the six-week strike last autumn.

Mr H. B. Stokes, the chairman, says the total impact of the dispute on profitability was even greater than originally anticipated. After a first half £1.06m the group finished the year with £1.85m, compared with £2.84m before £40,000 staff profit sharing. There is no such allocation this time.

Mr Stokes says only recently has the group recovered customers lost in the strike, and it is now back on course and facing 1986-87 with confidence.

Earnings have fallen from 19.39p to 10.94p, but the nal dividend is 5.04p for a net total of 6.82p (6.72p).

In the UK, sales came to £57m (£55.44m) and trading profit to £2.32m (£3.1m), while overseas accounted for £12.55m (£13.92m) and £436,000 (£384,000) respectively.

Mr Stokes says in common with other sugar confectionery manufacturers, Geo Bassett again had a difficult post-Christmas trading period, with low demand in January and February. Ernest Jackson performed well, with both sales and profits up.

Overseas, B. V. De Faam returned to profit in the second half, increasing both sales volume and profit.

Wilkinson-Spitz, in the US, incurred a small loss mainly because of adverse currency movements.

After tax £351,000 (£165,000) and minority interests £3,000 (£2,000), the net attributable profit comes to £1.5m (£2.63m). Extraordinary debits this time total £443,000 (£394,000). The ordinary dividend absorbs £932,000 (£913,000).

Group restructuring has been completed, with Anglo Bellamy Wilkinson being established as an autonomous company based at Pontefract. Businesses acquired in 1985-86 have largely maintained their sales and should make a material contribution this year, the chairman says.

Geo Bassett has started the new year well and looks set to improve upon the excellent first quarter of last year. Other group companies are performing satisfactorily and Ernest Jackson in particular has enjoyed a most encouraging start.

● **comment**

The Basset board could bandy about lots of excuses for the fall in profits . . . last summer's strike which cost £1m, the delay in installing plant at De Faan which reduced its contribution by £200,000, intense price pressure from the retail sector, and the £250,000 sunk into the unsuccessful launch of Quirks. The strike is over, De Faan was restored to profit in the second half and Bassett, like every other food manufacturer, has to accept price pressure as a fact of life. In many ways the Quirks exercise is a more maudlin portent for the future. Quirks acts as a neat paradigm for the product development problems of small confectionery companies. Bassett desperately needs to expand within high margin branded markets, but cannot afford the advertising expenditure needed to do so. The company should muster profits of £3.3m in the current financial year producing a prospective p/e of 11, although the increased tax charge will inhibit any increase in earnings per share. The share price rose by 1p to 183p on the announcement of these results which, given that the fall in profits was far sharper than anyone expected, suggests that the City, at least, is confident that Hillsdown will act upon its 6 per cent stake.

Belhaven advances 12%

ALTHOUGH showing an advance of 67 per cent in operating profits on the brewery side, the Belhaven Brewery Group has been limited to a 12 per cent increase in pre-tax profit for the year ended March 31, 1986.

Lower other operating income, and higher central administration costs and interest charges had their effect. Earnings are up from 4.55p to 4.67p and the final dividend is 0.46p for a net total of 0.83p (0.75p).

Operating profit came to £1.72m (£1.38m) with brewing accounting for £1.09m (£652,000), hotels, holiday village and inns £174,000 (£144,000), construction £99,000 (£54,000) and other £573,000 (£645,000), less administration costs £213,000 (£120,000). Interest receivable was £125,000 (£131,000) and paid £331,000 (£154,000).

After tax £332,000 (£280,000) the net profit was £1.18m (£1.07m).

There are extraordinary debits of £86,000 (credits £26,000).

Bid for Berisfords fails

Allied Textile, the diversified Huddersfield-based weaving group, has failed in its bid to acquire Berisfords, the 128-year-old family ribbon manufacturer based in Congleton, Cheshire.

Allied, advised by S. G. Warburg, received acceptances amounting to 9.76 per cent of Berisfords ordinary shares for its final increased offer of £7.8m. Together with purchases of shares, Allied spoke for 10.22 per cent of Berisfords shares by the close of its offer, which has subsequently lapsed.

Berisfords, advised by Hill Samuel, took a decisive step in its defence during the bid by finding a friendly home for a key 26 per cent shareholding owned by Rexmore, a merchandiser of furnishing fabrics. Rexmore had previously recommended the Allied offer.

Allied, which fended of a £4m hostile bid from London and Midland Industrials last year, had a cash moleshill of around £20m before the Berisfords offer.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Friday June 20 1986 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1986 to date	Thurs June 19 Index No.	Wed June 18 Index No.	Tues June 17 Index No.	Year ago (approx.) Index No.	1986 High		1986 Low		Since Compilation High		Since Compilation Low	
1 CAPITAL GOODS (213)	738.40	+0.4	8.10	3.90	15.72	8.22	735.81	734.66	726.05	511.51	753.20	30/4	567.56	14/1	753.20	30/4/86	84.71	13/12/74
2 Building Materials (26)	796.88	+0.1	8.57	3.57	14.82	10.04	795.80	787.80	780.78	518.28	844.77	4/4	623.85	23/1	844.77	4/4/86	44.27	11/12/74
3 Contracting, Construction (29)	1226.48	+0.2	7.93	3.95	17.30	18.56	1224.08	1203.33	1212.48	733.17	1228.76	2/5	2/5	2/1	1228.76	2/5/86	71.48	2/12/74
4 Electricals (12)	2988.63	—	7.49	3.87	17.72	30.53	2980.70	2956.43	2957.76	1989.58	2992.98	21/4	1539.81	2/1	2992.98	21/4/86	84.71	25/6/62
5 Electronics (38)	1785.81	-0.4	8.69	2.78	15.30	10.00	1711.40	1694.05	1676.45	1405.33	1794.13	30/4	1387.58	24/1	2049.85	13/11/84	122.01	8/10/85
6 Mechanical Engineering (63)	415.36	+0.3	9.26	3.83	13.72	4.05	413.92	411.76	407.60	271.32	422.55	30/4	326.63	23/1	422.55	30/4/86	64.39	20/12/74
8 Metals and Metal Forming (7)	365.21	+1.1	7.94	3.98	15.94	4.35	361.06	355.01	355.69	218.64	365.21	20/6	243.87	2/1	365.21	20/6/86	49.65	6/1/75
9 Motors (16)	314.26	+1.3	8.97	3.60	13.09	3.72	310.20	308.15	303.92	161.35	314.26	20/6	246.50	14/1	314.26	20/6/86	19.91	6/1/75
10 Other Industrial Materials (22)	1343.16	+1.3	6.07	2.95	19.82	14.09	1326.06	1325.56	1332.97	923.22	1347.13	3/4	993.49	2/1	1347.13	3/4/86	277.55	15/1/81
21 CONSUMER GROUP (188)	929.55	+0.5	7.75	3.16	16.21	11.19	924.94	919.26	909.11	650.79	944.14	3/4	729.82	14/1	944.14	3/4/86	61.41	13/12/74
22 Brewers and Distillers (22)	956.95	+0.6	9.62	3.55	13.54	9.92	950.88	943.80	936.10	687.04	968.90	3/4	764.25	14/1	968.90	3/4/86	69.47	13/12/74
25 Food Manufacturing (22)	682.63	+0.9	9.21	3.61	14.14	10.83	676.36	670.32	662.41	496.51	702.63	4/4	575.51	14/1	702.63	4/4/86	59.67	11/12/74
26 Food Retailing (15)	1949.19	+0.5	6.47	2.44	20.66	14.68	1940.31	1921.44	1911.06	1434.47	1978.74	14/4	1629.03	2/1	1978.74	14/4/86	54.25	11/12/74
27 Health and Household Products (9)	1613.46	+0.6	5.18	2.14	22.76	11.49	1603.56	1599.61	1589.23	1253.35	1663.15	17/4	1135.61	14/1	1663.15	17/4/86	175.38	28/5/80
29 Leisure (26)	906.35	—	7.91	3.87	16.42	14.81	906.20	897.87	890.67	663.51	968.51	2/4	731.17	24/1	968.51	2/4/86	54.83	9/1/75
31 Publishing & Printing (14)	2548.92	+0.6	7.68	3.91	16.33	46.31	2534.56	2544.42	2493.07	1764.84	2544.42	18/6	1894.16	9/1	2544.42	18/6/86	55.08	6/1/75
32 Packaging and Paper (14)	484.54	+0.2	6.85	3.28	18.08	6.50	483.36	480.84	475.58	369.24	494.54	20/6	362.52	9/1	494.54	20/6/86	43.46	6/1/75
34 Stores (41)	879.23	+0.4	6.88	2.81	19.76	9.42	875.71	875.67	864.15	627.74	904.64	3/4	707.79	23/1	904.64	3/4/86	52.63	6/1/75
35 Textiles (17)	544.42	-0.2	9.28	3.49	12.37	7.95	545.55	538.98	527.41	354.99	574.41	3/4	373.50	14/1	574.41	3/4/86	62.66	11/12/74
36 Tobaccos (2)	1085.45	+1.2	13.13	4.49	8.53	20.60	1072.65	1071.41	1064.22	829.22	1229.65	11/4	873.47	9/1	1229.65	11/4/86	94.34	13/6/62
41 OTHER GROUPS (88)	810.15	+0.9	7.73	3.64	15.46	7.73	802.74	796.49	794.92	643.04	817.63	3/4	659.53	2/1	817.63	3/4/86	58.63	6/1/75
42 Chemicals (21)	911.36	+1.9	10.02	4.45	12.09	17.28	894.15	898.70	898.61	738.76	955.30	14/3	729.24	14/1	955.30	14/3/86	61.14	13/12/74
44 Office Equipment (4)	255.13	-0.9	7.46	3.98	15.89	4.59	257.47	255.52	256.39	177.11	261.13	9/5	205.57	23/1	261.13	9/5/86	45.43	6/1/75
45 Shipping and Transport (12)	1304.22	—	7.78	4.16	16.36	30.05	1304.72	1294.38	1277.52	1007.53	1377.61	3/4	1116.35	14/1	1377.61	3/4/86	90.80	29/6/62
46 Telephone Networks (2)	928.37	+1.3	8.88	3.96	15.45	0.93	916.33	907.38	906.85	825.81	1059.03	4/3	928.40	1/1	1059.03	4/3/86	517.92	30/11/84
47 Miscellaneous (49)	1054.88	+0.1	6.35	3.21	19.72	11.57	1053.39	1044.47	1037.87	839.17	1054.88	20/6	836.86	14/1	1054.88	20/6/86	60.39	6/1/75
49 INDUSTRIAL GROUP (489)	860.58	+0.6	7.96	3.35	15.93	9.63	855.53	849.90	843.64	624.91	889.80	3/4	691.89	14/1	889.80	3/4/86	59.01	13/12/74
51 Oil & Gas (17)	1281.28	—	17.60	7.51	7.09	46.71	1281.61	1291.97	1291.26	1129.81	1498.83	20/1	1118.53	10/2	1712.33	15/2/85	87.23	29/5/62
59 500 SHARE INDEX (500)	891.26	+0.5	8.96	3.74	14.58	12.27	886.64	881.32	875.28	665.79	917.63	3/4	733.98	14/1	917.63	3/4/86	63.49	13/12/74
61 FINANCIAL GROUP (117)	601.60	+0.3	—	4.49	—	10.76	600.02	593.99	585.48	469.36	629.86	4/4	507.50	14/1	629.86	4/4/86	55.88	13/12/74
62 Banks (7)	627.64	-0.4	17.59	5.41	7.09	14.43	630.43	619.61	611.01	471.28	707.33	20/3	527.33	5/2	707.33	20/3/86	62.44	12/12/74
65 Insurance (Life) (9)	864.58	+1.0	—	4.52	—	17.27	855.94	835.18	818.12	710.29	906.18	11/3	768.18	23/1	906.18	11/3/86	44.88	2/1/75
66 Insurance (Composite) (7)	490.89	—	—	4.31	—	9.46	481.16	477.65	474.55	435.93	564.35	20/3	440.26	24/1	564.35	20/3/86	43.96	13/12/74
67 Insurance (Brokers) (9)	1173.33	-0.3	8.08	4.07	14.73	23.40	1176.31	1165.83	1098.71	1355.72	1375.71	12/2	1119.48	13/6	1515.27	12/2/86	65.86	16/12/74
68 Merchant Banks (11)	376.95	+2.2	—	2.99	—	3.25	368.71	363.83	354.96	255.11	376.95	20/6	277.36	24/1	376.95	20/6/86	31.21	7/1/75
69 Property (51)	784.74	+0.9	4.61	3.48	26.56	7.45	777.43	775.41	772.31	601.21	784.74	20/6	615.94	23/1	784.74	20/6/86	56.01	20/4/65
70 Other Financial (23)	345.25	-0.4	7.95	3.88	15.26	4.29	346.48	345.38	341.94	221.81	354.59	9/5	257.35	24/1	354.59	9/5/86	33.29	17/12/74
71 Investment Trusts (102)	751.34	—	—	2.98	—	9.15	751.58	748.64	746.60	574.24	764.85	22/4	633.36	14/1	764.85	22/4/86	71.12	13/12/74
81 Mining Finance (3)	267.46	-2.5	13.99	5.96	8.71	6.11	274.41	274.33	272.55	273.46	331.26	21/3	248.85	2/1	357.57	10/4/84	66.31	30/9/74
91 Overseas Traders (14)	673.74	-0.4	11.25	5.14	10.58	19.24	676.32	675.25	669.24	508.96	782.43	7/4	597.55	2/1	782.43	7/4/86	97.37	6/1/75
99 ALL-SHARE INDEX (736)	806.60	+0.4	—	3.89	—	11.59	803.21	797.90	791.78	611.44	832.39	3/4	664.42	14/1	832.39	3/4/86	61.92	13/12/74

	Index No.	Day's Change	Day's High	Day's Low	June 19	June 18	June 17	June 16	June 13	Year ago								
FT-SE 100 SHARE INDEX ♦	1637.2	+7.6	1637.5	1629.6	1629.6	1623.6	1615.0	1613.9	1603.3	1593.6	1717.6	3/4	1370.1	14/1	1717.6	3/4/86	986.9	23/7/84

FIXED INTEREST

PRICE INDICES	Fri June 20	Day's change %	Thurs June 19	xd adj. today	xd adj. 1986 to date
British Government					
1 5 years	123.33	-0.08	123.43	—	5.69
2 5-15 years	141.70	-0.05	141.78	—	6.27
3 Over 15 years	148.24	+0.05	148.16	—	7.29
4 Irredeemables	168.24	-0.44	168.98	—	6.30
5 All stocks	137.86	-0.05	137.93	—	6.61
Index-Linked					
6 5 years	112.97	+0.01	112.95	—	1.18
7 Over 5 years	117.94	+0.08	117.85	—	1.64
8 All stocks	117.49	+0.07	116.93	—	1.55
9 Debentures & Loans	120.03	-0.10	120.15	—	5.74
10 Preference	87.98	+0.09	87.90	—	3.35

AVERAGE GROSS REDEMPTION YIELDS		Fri June 20	Thurs June 19	Year ago (approx.)	1986 Highs		1986 Lows	
British Government								
1 Low	5 years	7.64	7.59	10.33	10.26	20/1	7.57	18/4
2 Coupons	15 years	9.18	9.08	10.48	10.48	20/1	8.52	18/4
3	25 years	9.18	9.16	10.34	10.35	20/1	8.32	18/4
4 Medium	5 years	9.26	9.19	11.34	11.09	14/2	8.58	18/4
5 Coupons	15 years	9.43	9.43	11.51	11.04	20/1	8.61	18/4
6	25 years	9.44	9.38	11.12	10.74	20/1	8.62	18/4
7 High	5 years	9.36	9.32	11.38	11.07	20/1	8.75	18/4
8 Coupons	15 years	9.59	9.57	11.37	11.36	20/1	8.75	18/4
9	25 years	9.48	9.46	10.96	10.95	20/1	8.68	18/4
10 Irredeemables		8.93	8.90	10.02	10.35	20/1	8.36	18/4
Index-Linked								
11 Inflat'n rate 5%	5 yrs	3.79	3.76	0.0	5.18	14/1	3.26	29/4
12 Inflat'n rate 5%	Over 5 yrs	3.48	3.48	0.0	4.01	20/1	3.26	13/5
13 Inflat'n rate 10%	5 yrs	2.54	2.58	0.0	4.23	14/1	2.11	29/4
14 Inflat'n rate 10%	Over 5 yrs	3.23	3.23	0.0	3.85	14/1	3.09	13/5
15 Debs &	5 years	10.88	10.86	11.92	12.76	27/1	9.65	22/4
16 Loans	15 years	10.85	10.84	11.71	11.98	4/2	9.79	22/4
17	25 years	10.85	10.79	11.51	11.63	21/1	9.69	17/4
18 Preference		10.41	10.43	11.08	11.08	2/1	10.30	9/6

♦ Opening index 1629.6; 10 am 1631.8; 11 am 1633.3; Noon 1634.0; 1 pm 1634.8; 2 pm 1635.3; 3 pm 1634.9; 3.30 pm 1635.7; 4 pm 1636.4.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Health/Household Products	30/12/77	261.77	Mining Finance	29/12/67	100.00
Other Groups	31/12/74	63.75	All Other	10/04/62	100.00
Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Mechanical Engineering	31/12/71	153.84	Do. Index-linked	30/04/82	100.00
Office Equipment	16/01/70	162.74	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
Other Financial	31/12/70	128.06	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.
CONSTITUENT CHANGES: MCD Group (35), Dunlop (42), Pegler-Hattersley (6) and RFD Group (48) have been deleted and replaced by Guthrie Corporation (48), WCRS Group (48), Brent Walker Hldgs. (29) and Wardle Storeys (42) have been inserted.

Bank of Scotland forges link in Wales

By Nick Bunker

Commercial Bank of Wales, the Cardiff-based bank founded 14 years ago by Sir Julian Hodge, the Welsh financier, is to be acquired by Bank of Scotland.

The two banks said yesterday they had agreed on terms which value the Welsh bank at £16.8m. Bank of Scotland was identified a fortnight ago as the principal bidder for the Welsh bank, which had been the subject of takeover rumours since last year.

Commercial Bank, which is 20 per cent owned by the First National Bank of Chicago, reported a pre-tax profit of £1.93m in 1985 compared with £1.53m in 1984. It is chiefly involved in secured lending to private companies and hire purchase loans to car-buyers.

Mr Malcolm Thomas, its chief executive, revealed earlier this month that the bank's growing need for extra capital to expand was one reason why Sir Julian had been ready to consider takeover approaches.

It had a difficult start in the 1970s, when Sir Julian set up the bank as a spearhead for industrial regeneration of the principality, and was refused permission to call itself the Bank of Wales. It was finally granted a full banking licence by the Bank of England in 1982.

The terms of the offer are 70p in cash for each ordinary share in Commercial Bank. Alternatively, shareholders can choose a consideration of 70p in nominal value loan notes for each share.

Bank of Scotland said it was convinced that the bank could play "an increasingly important part in Welsh industry and commerce." The Scottish bank intends to offer some of its own products, which have recently included home purchase mortgages, to Commercial Bank.

It expects to keep at least 75 per cent of Commercial Bank's shares, which have had a full Stock Exchange listing since April 1984.

Meadow Farm rights to raise £11m

By Alice Rawsthorn

Meadow Farm Produce, the USM-quoted wholesale meat supplier, announced plans for a rights issue to raise £11.2m yesterday in order to finance the acquisition of the meat processor, North Devon Meat, and to expand its production capacity.

The company also unveiled preliminary results for the year to March 28 in which pre-tax profits increased by 70 per cent to £2.57m, and turnover rose by 80 per cent to £34.1m.

Since its USM flotation two years ago, Meadow Farm has embarked upon an active acquisition policy, buying a series of privately-owned meat suppliers. Earlier this month it announced that it had struck a provisional agreement to acquire North Devon Meat, which operates an abattoir and meat processing plant, for almost £4.5m.

The capital raised by the rights issue will be used to finance the acquisition of North Devon Meat and to repay its borrowings of £5m. North Devon Meat operated at a loss in its last financial year, although Meadow Farm expects it to return to profit in the course of the current year.

The capital will also be used to construct the new meat processing plants to service Meadow Farm's expanding supermarket customer base. Construction of the plants — which will cost around £2.5m —should begin within the next month and is scheduled for completion next spring.

"We are always on the look out for sound acquisition opportunities," said Mr David Brady, Meadow Farm's finance director. "After the rights issue we will be in a position to pursue any opportunities that come along."

The rights issue — which has been underwritten by stockbroker Capel Cure Myers —will release two new shares at 200p each for every five Meadow Farm shares already held. The company's share price fell by 10p to 235p yesterday on the announcement of the issue.

In addition to the growth in both profit and turnover, Meadow Farm announced yesterday that it would pay a final dividend of 2.6p for a total of 3.8p (3.2p adjusted), and that earnings per share had risen from 8.9p to 12p.

Siebe/APV

Siebe, the safety products and engineering group which is bidding £212m for APV, the process engineer, has increased its stake by 2.7 per cent to 22.1 per cent while it also has acceptances from the owners of a further 0.8 per cent of APV's shares.

GrandMet to sell Belgian brewery in £28m deal

BY MARTIN DICKSON

Grand Metropolitan, the drinks, leisure and hotels group, is withdrawing from brewing in continental Europe with the proposed sale of its Maes brewing subsidiary in Belgium to a new joint venture company for BFr 1,950m (£28.5m) in cash.

GrandMet said yesterday that it expected to complete the deal shortly with a newly formed company of which the president and a major shareholder would be Mr Theo Maes, currently managing director of the Maes group.

Earlier this year, GrandMet sold its Stern brewing company in West Germany for some £14m. Maes is the last of GrandMet's overseas brewing interests. At one time these were seen as a spearhead for a drive into continental Europe. However, the fragmented nature of the European industry, with many regionally based brewers, has made the Continent a difficult market to penetrate.

Maes, bought by Grand Met's Watney Mann subsidiary in 1969, has annual sales of about £45m and about 600 employees. It contributed some £4m to £5m to trading profits last year.

Sir Stanley Grinstead, chairman of Grand Met, said the sale of the continental brewing interests was part of the group's policy of concentrating its resources in certain main trading areas — its brewing, retailing and food operations in the UK and branded consumer products and services internationally.

Over the past two years, the divestment programme has raised some £825m. It includes the sale of Mecca Leisure and Warner Holidays to their management for £95m, and Pinkerton Tobacco, an American subsidiary, for £108m to Svenska Tobaks of Sweden.

Grand Met would also like to divest itself of its American Liggett and Myers cigarette business, but an attempted management buy-out had to be abandoned in 1984 because of fierce price cutting in the US market.

It recently rejected a $900m (£592m) offer from Trafalgar Holdings, a Los Angeles based finance house, for its Intercontinental Hotel chain, which it regards as a core long-term business.

Alongside the disposal programme, Grand Met has been expanding into new consumer product and service businesses in the US. Last August it bought Pearle Health Services, a retailer of eyecare products, for £284m.

Renold maintains recovery

THE RECOVERY continues at Renold, the power transmission and machinery manufacturer, and the directors are meeting the forecast 2p net dividend total with a final of 1.3p.

Turnover rose 7 per cent to £129.9m, and the profit was up 44 per cent. However, taking in an exceptional non-recurring credit of £1.3m arising from an overfunded pension scheme in the US and additional costs of £200,000 relating to employees profit sharing, the pre-tax profit has advanced by 69 per cent, from £4.5m to £7.6m.

The year reflected increased efficiency throughout the organisation and a reduction in interest charges to £3.7m (£4.6m) as a result of the 1985 rights issue. Agreement has been reached with the UK bankers which will enable the group to return to more normal banking arrangements within the foreseeable future.

In the current year, Renold is experiencing some weakness in demand. If, as expected, this is short-lived, the directors look forward to higher profits overall but warn that the first half is bound to be adversely affected.

In the main UK core businesses—chains and gears—increased capital expenditure has led to better operating efficiency and reduced production costs.

The French side progressed in cutting costs and reducing operating losses, and further improvement is expected this year. New financial facilities to support and strengthen the balance sheet are in the final stages of negotiation.

The depressed economy and deterioration of the exchange rate lopped off £300,000 from the South African subsidiary's profit.

Overseas marketing companies had a good year, with profits in Australia and New Zealand rising by 36 per cent.

After tax £2.3m (£1.2m all overseas) and minorities £100,000 (same), the net profit is £5.2m (£3.1m). Earnings are 8p (6.7p) per share.

● **comment**

Pre-tax profits up strongly and a return to a final dividend ought to impress but the market read between the lines and marked the shares down 8p to 78p. At the root of the worries was a gloomy prediction for this year's first half and the fact that the UK trading profit fell by £200,000. The City was also quick to note that the bulk of the profits increase came from the pension fund surplus and from lower interest charges. Nevertheless, overseas earnings were up 32.4 per cent even after exchange losses of £300,000 and the renegotiation of bank loans has tidied up the balance sheet. Taking away the £1.3m pensions credit and adding on a repeat of the 10 per cent underlying growth would put this year's profits at £7m. On a 35 per cent tax charge, the shares are on a prospective p/e of 11. Long term, that reflects the possibilities inherent in the shift from belt to chain-driven engines but those holding the stock for its short-term recovery potential may not have the patience to wait.

Hestair expands in services

BY CHARLES BATCHELOR

Hestair, the engineering and services group, yesterday revealed two acquisitions worth a total of £12m which will move the emphasis of the group further into the services sector.

Mr David Hargreaves, chairman, said: "These two moves will shift the balance of the company away from engineering and into the consumer and service field."

The group is making an agreed offer worth £10m for JSD Computer Group, a USM-quoted company which supplies computer personnel under long-term contract in Britain, The Netherlands and the US. It is offering nine of its own shares for every 10 JSD.

With Hestair's shares 13p higher at 203p yesterday the offer is worth nearly 183p for each JSD share. There is a cash alternative, underwritten by Hestair's merchant bank, Hill Samuel, worth 150p per share. JSD's shares rose 10p to 165p.

JSD made a pre-tax profit of £626,000 on turnover of £9.63m in 1985. Hestair is keen to expand JSD's operations in the US, which contribute 60 per cent of the company's profits.

Hestair bought two London-based employment bureaux, Atlas and Rand, two years ago to add to its existing bureaux. This division contributed £2m of profits before tax and interest in the year ended January 198

Hestair is also paying £1.9m for a family-owned group of three nursing and retirement homes in Norfolk and Lincolnshire.

The homes, one of which is still at the planning stage, made pre-tax profits of about £300,000. At present 90 rooms are in use but will be expanded to 215 in the near future.

The company has been rationalising its specialist vehicle operations, which include Dennis dustcarts and Duple coach bodies. Vehicle profits nearly trebled to £2.27m in 1985-86 and while turnover fell to £58m from £72m the division still accounted for more than half group sales of £109m.

Hicking returns to profit

A LARGE improvement in the dyeing division and reduced losses in the knitwear division helped Hicking Pentecost return to profits in the second half of the year to March 31 1986.

Following a pre-tax loss of £99,000 at the interim stage, the Nottingham-based company reported profits for the year of £16,000, against losses last time of £380,000. Turnover was up 10 per cent at £13.91m (£12.69m).

Earnings per 50p share came out 0.30p (14.89p loss), and again there is no dividend.

Directors say the dyeing and finishing improvement, from £25,000 to £390,000, was the result of increased activity and reduced costs. The knitwear loss of £370,000 (£405,000) reflected disruption to production in the first half and tight margins. The deficit was cut in the second half, directors say, with a higher level of activity in the final quarter.

They add that in the present year trading in knitwear remains difficult, but progress is being made in improving efficiency and productivity.

Pre-tax profit was struck after cost of sales £11.75m (£10.96m), operating expenses of £1.9m (£1.79m) and interest charges of £247,000 (£316,000).

Again there was no tax charge. Extraordinary debits came to £394,000 (£569,000) being costs of the rights issue and the final stage of the knitwear reorganisation programme.

Boosey rejects Music offer

Boosey & Hawkes, the music publisher and instrument maker, yesterday rejected a 250p a share conditional bid approach from Music Sales, a private company, because of Boosey's "underlying asset strength and recovery potential."

It stressed that no offer could succeed without the support of Carl Fischer, a US company holding 50.1 per cent of Boosey's voting rights, and it did not wish to dispose of its holding.

Crowther may bid for Gelfer

John Crowther Group, which in the past 10 months has emeredg as one of the UK's most aggressively expansionist textile companies, said yesterday that it was in talks which might lead to another bid—this time for A & J Gelfer, the Glasgow-based textile manufacturer.

Crowther shares rose on the news to close at 165p, 9p up on the day, while Gelfer closed at 148p, down 2p. Gelfer itself made an agreed bid earlier this year when it acquired David Dixon, the Yorkshire-based clothing company, for £7m.

Eleco bid approach

The shares of Eleco Holdings, a construction, engineering and property investment group, leapt 23p to 140p yesterday to value the company at £24m after it revealed it had received an approach which might lead to a bid.

Eleco increased pre-tax profits to £1.01m in the six months ended December 1985 from £810,000

The directors owned, beneficially and non-beneficially a total of 960,000 of their company's shares—5.6 per cent of the equity—at October 16 1986.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Bassett Foods	5.04	—	5.04	6.82	6.72
Belhaven Bwy	0.46	Aug 15	0.4	0.83	0.75
John Booth	1	Sept 10	2	1	2
Brunner Inv. Tst. ...int	1.1	July 31	1	—	2.2
Equity & General	0.6	—	0.6	0.9	0.9
Grainger Tst. ...int	1.8	July 25	1.5	—	6.5
Meadow Farm‡	2.6	Aug 22	*2.25	3.8	*3.2
Renold	1.3	Aug 10	nil	2	nil
Rowe Evans	1.5	July 31	2.25	1.5	2.25
Syltone	6.4	—	6.4	10	10

Dividends shown in pence per share except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

Biddle extended

Kone, the Finnish lifts manufacturer, has extended its £6.4m bid for Biddle Holdings, the lifts and heatings group. Kone, which faces a rival £6.8m offer from Myson, heating and ventilation engineers, speaks for 59.1 per cent of Biddle shares, but its offer is conditional on approval by Biddle shareholders of the sale of the UK group's heating subsidiary.

Evered/McKechnie

Evered announces that acceptances of its original offers for McKechnie Bros total 6.6 per cent of the ordinary, including concert holdings, and 71.8 per cent of the preference.

On June 19, Robert Fleming, which is deemed to be acting in concert with Evered, purchased 250,000 McKechnie ordinary at 260p each and 680,000 at 260.25p —about 1.1 per cent.

CRAIG AND ROSE'S planned board meeting for yesterday was postponed as auditors had not yet completed their examination of final accounts.

Matra to sell control of offshoot to Seiko

By David Marsh in Paris

MATRA, the French defence and electronics group, is close to agreement on selling a majority stake in its watch and clock-making subsidiary to Hattori-Seiko, the diversified Japanese company.

Mr Jean-Luc Lagardère, the chairman, told the annual meeting that the Japanese concern would take a 66 per cent stake in the Holding Matra Horlogerie (HMH) company which groups together Matra's diverse watch-making activities. The price of the scale of the company, which has been in difficulties in recent years, has not been disclosed.

Seiko, which is expected to step up co-operation with Matra in areas such as electronics components and automated equipment as part of the deal, already has a 19 per cent stake in HMH.

Matra will keep a minority participation in the holding company. This owns operating arms of Matra's watch-making business including Jaz, Yema, Cupillard and Delta as well as various Seiko interests in France.

The sale, under negotiation for several months, forms part of Matra's efforts to sell off peripheral interests to concentrate on its mainstream defence and electronics activities.

The divestment is likely to cause some controversy in France as the Matra companies making timepieces represent about one quarter of France's activities in this area.

Matra, 51 per cent owned by the state, will need formal government approval before going ahead with the deal.

Standard Oil lifts securities sale to $300m

By William Hall in New York

STANDARD OIL, British Petroleum's majority-owned US subsidiary, yesterday completed the sale of a novel type of security linked to the oil price. Because of the success of the issue the company said it had increased the size by a fifth to $300m.

The $300m face value of 25 year debentures will carry a 6.3 per cent coupon. The interest on the oil index notes due in 1990 is calculated by multiplying any excess in the oil price above $25 per barrel, up to a maximum of $40 a barrel, by 170 barrels of oil. In the case of the 1992 notes, the number of barrels is 200.

Standard Oil says that for each $2,000 face value of the 1990 notes an investor could receive up to a maximum of $2,550 in addition to the principal, if the price of oil rose between now and the maturity date. In the case of the 1992 notes the sum totals $3,000.

Arbed profits increase sharply to Lux Fr 1bn

BY TIM DICKSON IN BRUSSELS

ARBED, the Luxembourg-based international iron and steel group, yesterday announced sharply higher profits for 1985 and indicated that earnings are likely to remain at about last year's level in 1986.

Net profits of the company rose from LFr 645m in 1984 to LFr 1.12bn ($24.5m) in 1985—only the second year since the mid-1970s that Arbed has not suffered a loss.

In line with other European steel companies, the group has been through a long restructuring process and claims to have improved productivity by about 40 per cent over the past 11 years. In this period it has cut its workforce by half.

Mr Emmanuel Tesch, president, said that the first five months of 1986 had been "exceptionally good," but that he did not expect this pattern to continue throughout the rest of the year. "If we can end with similar figures (to 1985) we will be very satisfied," he added.

The decline in the dollar, the company points out, has improved the competitiveness of foreign companies and will affect Arbed's overseas sales. Some 30 per cent of total turnover is outside Europe, principally in the US.

Mr Tesch also said that the West German regional and national governments have exercised their right to take over 76 per cent of Arbed's troubled Arbed-Saarstahl subsidiary which is now renamed Saarstahl Voelklingen.

Arbed's turnover rose from LuxFr 56.74bn in 1984 to LuxFr 65.26bn last year. Cash flow rose 13 per cent in 1985 to LuxFr 6.7bn and now exceeds the company's investment needs.

National Semi posts $91m loss

BY LOUISE KEHOE IN SAN FRANCISCO

NATIONAL SEMICONDUCTOR, the California-based microchip and computer company, has reported a net loss of $91.5m or $1.10 per share for the year to May, a sharp reversal fro mits 1984-85 earnings of $43.2m or 48 cents per share.

Sales were $1.48bn, down from $1.79bn as the company suffered the effects of the worst recession to have hit the semiconductor industry.

Included in National's year-end results is a gain of $5.6m from foreign tax credits.

Sales fo rthe 12-week fourth quarter were $397.8m compared to $428.6m for the same quarter last year. Fourth quarter losses were $7.1m or 10 cents per share versus a net loss of $2.7m or three cents in the fourth quarter of 1985.

During the latest fourth quarter National changed its method of accounting for sales to semiconductor distributors. Previously the company did not record a sale until the distributor sold National's products to an end user. Starting in the fourth quarter National will record sales to distributors as they are billed.

The change increased losses for the latest year by $12.7m because distributors' sales during the period included substantial sales from stocks accumulated in the previous fiscal year.

For the fourth quarter, however, the change reduced the net loss by $2.8m or 3 cents per share, reflecting increased shipments to distributors.

Mr Charles Sporck, president and chief executive, said that semiconductor and computer system sales had improved in the fourth quarter as a whole but he noted that semiconductor orders slowed down in May. The company expects a "typically soft summer sales period" with business conditions expected to improve in the autumn.

"We believe that our new product introductions in both the semiconductor and systems segments, combined with cost controls and an improved business climate, will enable National to further improve its financial performance in the coming fiscal year," said Mr Sporck.

Aker well ahead at four months

BY FAY GJESTER IN OSLO

AKER, the Norwegian engineering, offshore fabrications and property development group, yesterday reported a sharp rise in turnover and profits during the opening four months of 1986. But the group expects full year results before extraordinary items to be slightly below the NKr 266.8m ($35m) achieved in 1985, owing to a recent industrial dispute and "reduced activity due to low oil prices."

The first months of 1986, operating profit was NKr 88.3m, on turnover totalling NKr 1,229.3m, compared with NKr 63.5m and NKr 1,163.3m respectively a year earlier. After non-operating income net earnings before extraordinary items were NKr 108.6m (NKr 68.1m).

In April, the annual shareholders' meeting approved a one-for-three scrip issue which will increase the company's share capital from NKr 11.62m to NKr 148.82m.

In May, the group announced its acquisition of a controlling share of 63.3 per cent — in Astrup-Hoyer, one of Norway's largest civil engineering concerns and a one-third partner in Norwegian Contractors which specialises in building concrete oil and gas production platforms for the offshore industry.

It bought the shares from the newly merged Orkla Borregaard group, as part of a drive to expand its onshore activities. The holding in Astrup Hoyer has not been consolidated in the January-April accounts.

Aker itself is controlled by Norcem, which owns 54 per cent.

Dresser and Ingersoll in joint venture

BY MARY FRINGS IN DALLAS

DRESSER INDUSTRIES of Dallas and Ingersoll Rand of New Jersey have announced that they intend to form a 50-50 joint venture by combining their compressor and turbine businesses. A definitive agreement is expected to be worked out by September.

This is the latest in a string of non-cash mergers as energy industry service companies battle for survival in the deepening recession. Dresser saw its latest quarterly earnings drop by 94 per cent to little more than break-even on revenues of $956m.

The units to be included in the proposed joint-venture are Dresser's worldwide Clark Compressor operations, Worthington compressors, and the Turbodyne division, together with Ingersoll-Rand's Terry steam turbines, turbo products and compressor divisions.

Ingersoll-Rand said the combined revenues of these units last year was more than $800m, mostly outside the US where they face fierce international competition.

Malaysia Mining and Promet in merger talks

By Wong Sulong in Kuala Lumpur

MALAYSIA MINING Corporation and Promet, two major Malaysian groups which have suffered heavy losses due to the recession, are in an advanced stage of negotiations on a partnership.

It is expected that MMC, the country's biggest tin mining group, will end up taking a 20 to 30 per cent stake in Promet, which is involved in building oil rigs, marine engineering and construction.

The stake will help to restore the favoured Bumiputra (ethnic Malay) status to Promet, which relies for a great deal of its business on securing government contracts.

The Malay stake in Promet has been reduced to less than 10 per cent following the fall-out between Datuk Brian Chang, the managing director, and Tan Sri Ibrahim Mohamed, Promet's former chairman, last year.

According to a senior Promet official, the proposed tie-up with MMC had been referred to Dr Mahathir Mohamad, the Prime Minister, who had given his blessing.

MMC, whose fortunes have taken a sharp plunge in recent years, even before the tin crisis, wants to diversify into engineering and servicing for the oil and gas industry—areas in which Promet has considerable expertise.

On the other hand, Promet needs strong Bumiputra contacts to secure the big engineering and contract jobs from government agencies. MMC fits this bill as, apart from its extensive mining experience, it is a quoted subsidiary of Permodalan National, the Malaysian government investment agency.

Promet incurred net losses of 79m ringgit ($30.3m) for 1985 while MMC suffered an after-tax loss of 51.5m ringgit for the year to January 1986. Promet also owes 320m ringgit in loans to banks and is negotiating for a rescheduling of its debts.

Steyr to shed 800 workers

By Patrick Blum in Vienna

STEYR - DAIMLER - PUCH, Austria's troubled vehicles and weapons group, will lay off 800 workers next month because of a decline in international orders for trucks and tractors. Since the beginning of the year the company has already laid off about 790 of its workforce which now stands at about 13,000.

The latest lay-offs will include some 450 workers at a plant in Styria, 170 workers at a plant in Graz and the rest in Vienna. The company has faced serious difficulties for several years. In 1985 it reported a loss of Sch 295m.

LONDON TRADED OPTIONS

Option	Calls July	Calls Oct.	Calls Jan.	Puts July	Puts Oct.	Puts Jan.
Allied Lyons (*348)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B.P. (*570)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cons. Gold (*427)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Courtaulds (*279)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Com. Union (*310)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cable & Wire (*676)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Distillers (*705)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
G.E.C. (*200)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Grand Met. (*408)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
I.C.I. (*979)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Land Sec. (*335)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marks & Spen. (*201)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shell Trans. (*783)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trafalgar House (*296)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option	Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
P. & O. (*510)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Racal (*200)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
R.T.Z. (*609)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Vaal Reefs (*$54)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tr. 11¾% 1991 (*£110)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tr. 11¾% 03/07 (*£120)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lonrho (*246)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brit Aero (*530)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BAT Inds (*386)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Barclays (*490)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brit. Telecom (*238)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cadbury Schweppes (*177)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Imperial Gr. (*348)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ladbroke (*354)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LASMO (*115)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option	Calls June	Calls Sep.	Calls Dec.	Puts June	Puts Sep.	Puts Dec.
Beecham (*395)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Boots (*251)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BTR (*335)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bass (*778)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Blue Circle (*630)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
De Beers (*$660)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GKN (*274)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Glaxo (*1092)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hanson (*177)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jaguar (*510)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Thorn EMI (*471)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tesco (*381)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option	June	July	Aug.	Sept.	June	July	Aug.	Sept.
FT-SE Index (*1636)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

June 20, Total contracts 18,070. Calls 13,247. Puts 5,623.
*Underlying security price.

Japanese life companies' premium income rises 19%

BY YOKO SHIBATA IN TOKYO

JAPAN's seven leading life assurance companies lifted their combined premium income by 19.6 per cent to Y11,570.7bn ($69.35bn) in the year to March reflecting strong sales of high-yield savings instruments such as endowment policies.

This area accounted for 56 per cent of premium income from new contracts, which totalled Y3,550bn.

The life assurance industry also reduced premium rates in April last year, which brought an expansion of policyholders.

In asset management, the assurance companies focused on Tokkin investment accounts. Funds in Tokkin accounts for Nippon Life Insurance, the largest, at Y427.3bn showed a 30-fold jump. Asahi Life insurance achieved the highest yield of 33.3 per cent on Tokkin investments.

Combined interest and dividend income earned during the year jumped by 15.3 per cent to Y2,918.8bn. However, the assurance companies suffered a huge appraisal loss and foreign exchange losses on their bond and currency holdings due to the yen's steep appreciation against the dollar.

The seven companies made up about Y600bn, or about 40 to 60 per cent of their losses, by selling securities holdings.

The Finance ministry has allowed them to spread the write-offs over a three year period.

Nonetheless, owing to the worldwide fall in interest rates, the seven are to cut the dividend payment rate by 0.3 per cent for policies taken out after the 1980 fiscal year.

JAPANESE LIFE ASSURANCE COMPANIES

Parent company results, year to March 1986

	Premium income Ybn	%	Total assets Ybn	%	Yield on assets
Nippon Life	3,293.1	(+20.9)	12,602.3	(+17.4)	7.65 (7.90)
Dai-ichi Mutual Life	2,223.9	(+17.8)	8,348.3	(+18.5)	8.03 (8.01)
Sumitomo Life	1,975.4	(+20.3)	6,988.2	(+19.7)	8.05 (7.94)
Meiji Mutual Life	1,350.1	(+22.3)	4,566.1	(+18.1)	7.36 (7.53)
Asahi Mutual Life	1,096.4	(+22.8)	4,090.4	(+17.5)	7.70 (7.54)
Mitsui Mutual Life	893.2	(+14.2)	3,066.2	(+16.1)	7.43 (7.36)
Yasuda Mutual Life	741.1	(+9.0)	2,637.4	(+14.6)	7.77 (7.76)

Mixed performance from Singapore merchant banks

BY CHRIS SHERWELL IN SINGAPORE

SINGAPORE'S principal merchant banks mostly lost money or broke even on their Singapore operations last year, according to figures published yesterday by the bank which emerged at the top of the table, Singapore International Merchant Bankers Ltd (Simbl).

The worst performer was Hill Samuel Asia, which recorded net losses of almost S$32m (US$14.4m) on shareholders' funds of S$4.6m for the year to March.

Also in the red were Kleinwort Benson, with losses of S$1.3m on shareholders' funds of S$10.1m, and Standard Chartered Merchant Bank, with losses of S$2.65m on shareholders' funds of S$24.9m.

Simbl, a partnership of Schroders in London and the Overseas-Chinese Banking Corporation, one of the Big Four local banks, reported an eight per cent return on shareholders' funds for the year to December, with net profits of S$2.08m.

Wardleys and Baring Brothers came second and third, showing returns of 7.1 per cent and 6.1 per cent respectively. But the figures are for Hong Kong and Singapore branch operations, and are therefore said to mask a poor performance in Singapore.

FOREIGN EXCHANGES

Dollar quietly firmer

The dollar finished towards its best level of the day and up from Thursday's close in unsettled trading ahead of the weekend. News of a 0.2 per cent rise in US consumer prices appeared to have little effect and there was the usual shuffle to square positions ahead of the weekend.

There was nothing new to affect trading although a firmer trend in US period rates after Thursday's rise in US money supply tended to underpin the US unit. However there was insufficient impetus to push it outside the recent trading range and after touching a high of DM2.2475 against the D-Mark, it eased back a little to close at DM 2.2445 compared with 2.2320. Against the yen it finished at Y167.70 from Y166.85 and SFr 1.8460 from SFr 1.8390. Against the French franc it finished at FFr 7.1625 from FFr 7.1250. On Bank of England figures, the dollar's exchange rate index rose from 115.9 to 116.1.

A firmer trend in interest rates brought into question the validity of continued hopes of another discount rate cut. French authorities have made known their intention not to lead a unified rate cut while West German [illegible] many recently tightened public spending. In addition West German officials have voiced concern about the pace of money supply growth.

Sterling showed virtually no change on the week, content to track movements in the dollar. There had been some concern about lower oil prices and the possibility of a cut in clearing bank base rates but neither [illegible] an influence and in [illegible] exchange rate [illegible] finished at 75.7 after 75.6 on Thursday.

Against the dollar it closed at $1.50 down from $1.5040 previously. However it was higher against the D-Mark at DM 3.3675 compared with DM 3.3575 and Y251.50 from Y251.0. Elsewhere it finished at SFr 2.7690 from SFr 2.7650 and FFr 10.7450 compared with FFr 10.7150.

£ IN NEW YORK

June 20	Latest	Prev. close
£ Spot	$1.4980-1.4990	$1.5030-1.5070
1 month	0.37-0.35pm	0.38-0.36pm
3 months	1.05-1.00pm	1.07-1.05pm
12 months	3.50-3.15pm	3.45-3.35pm

Forward premiums and discounts apply to the US dollar.

STERLING INDEX

	June 20	Previous
8.30 am	75.6	75.6
9.00 am	75.7	75.6
10.00 am	75.7	75.6
11.00 am	75.7	75.7
Noon	75.7	75.7
1.00 pm	75.7	75.7
2.00 pm	75.8	75.7
3.00 pm	75.7	75.6
4.00 pm	75.7	75.6

POUND SPOT—FORWARD AGAINST POUND

June 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4970-1.5050	1.4995-1.5005	0.38-0.35c pm	2.92	1.08-1.03 pm	2.81
Canada	2.0825-2.0890	2.0825-2.0835	0.28-0.18c pm	1.33	0.55-0.40 pm	0.91
Nethlnd.	3.78¼-3.80	3.78¾-3.79¾	1¼-1⅛c pm	3.76	3¼-3⅛c pm	3.82
Belgium	68.68-68.96	68.70-68.80	18-13c pm	2.71	49-41 pm	2.62
Denmark	12.49-12.52¾	12.49¾-12.50¾	2½-1⅞ore pm	1.86	5¾-4⅞ pm	1.62
Ireland	1.1075-1.1140	1.1105-1.1115	0.10-0.02p pm	0.65	0.20-0.04 pm	0.43
W. Ger.	3.36-3.37¾	3.36¼-3.37¼	1⅝-1⅛pf pm	5.35	4½-4¼ pm	5.20
Portugal	225.83-227.63	226.00-227.50	90-250c dis	−9.00	245-745 dis	−8.73
Spain	215.59-215.98	215.62-215.98	65-135c dis	−5.56	145-240 dis	−3.57
Italy	2306-2314½	2307½-2308½	3-8lire dis	−2.86	9-16 dis	−2.17
Norway	11.45-11.49	11.46¼-11.47¼	3¼-4¼ore dis	−3.99	11¼-12¼ dis	−4.10
France	10.72-10.76¾	10.74-10.75	2⅝-2⅛c pm	2.65	7-6½ pm	2.44
Sweden	10.83-10.90	10.88¾-10.87¾	⅛-1¼ore dis	−0.82	1½-2½ dis	−0.59
Japan	250½-252	251-252	1¼-1y pm	5.37	3¼-3⅛ dis	5.17
Austria	23.63-23.67	23.64-23.67	10½-8⅞gro pm	4.88	29-26 pm	4.65
Switz.	2.7640-2.7755	2.7640-2.7740	1⅛-⅞c pm	4.33	3¼-3 pm	4.51

Belgian rate is for convertible francs. Financial franc 69.40-69.50.
Six-month forward dollar 1.95-1.88c pm. 12-month 3.33-3.29 pm.

CURRENCY RATES

June 20	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.774431	0.637627
US $	6½	1.16304	0.957397
Canadian $	8.79	*	1.32982
Austria Sch	4	18.3388	1.32982
Belgian Fr	8	53.3370	43.9277
Danish Kr	7	9.68622	7.97511
D'mark	3½	2.60812	2.14886
Guilder	4½	2.93668	2.41905
French Fr	9½	8.32757	6.85879
Lira	12	1784.66(1)	1475.67
Yen	3½	194.577	160.364
Norway Kr.	8	8.87632	7.30637
Span'h Pta.	—	167.013	137.578
Swedish Kr	8	N.A.	6.91958
Swiss Fr.	4	2.14659	1.76783
Greek Drch	20½	N.A.	135.232
Irish Punt‡	—	0.861830	0.709445

*C$/SDR rate for June 19: 1.62643.
(1) SDR rate for June 19.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

June 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4970-1.5050	1.4995-1.5005	0.38-0.35c pm	2.92	1.08-1.03 pm	2.81
Ireland†	1.3482-1.3528	1.3490-1.3500	0.40-0.15c pm	2.43	0.65-0.60 pm	2.28
Canada	1.3876-1.3906	1.3875-1.3885	0.17-0.20c dis	−1.60	0.64-0.69dis	−1.91
Nethlnd.	2.5210-2.5300	2.5275-2.5285	0.18-0.16c pm	0.83	0.66-0.61 pm	1.01
Belgium	45.78-45.90	45.80-45.85	par-2c dis	−0.26	1-4 dis	−0.22
Denmark	8.31-8.34	8.33¼-8.33¾	0.45-0.95ore dis	−1.01	2.25-2.75dis	−1.20
W. Ger.	2.2380-2.2475	2.2440-2.2450	0.47-0.44pf pm	2.43	1.37-1.32 pm	2.40
Portugal	151½-152	151¼-152	100-200c dis	−11.85	275-600dis	−11.53
Spain	142.63-143.78	143.50-143.60	120-170c dis	−12.10	250-350dis	−8.34
Italy	1637½-1642	1638¾-1639¼	6-8½lire dis	−5.65	17½-21 dis	−5.00
Norway	7.62-7.64¾	7.64¼-7.64¾	4.20-4.60ore dis	−6.92	13.1-13.5dis	−6.97
France	7.14½-7.16¾	7.16-7.16½	0.10-0.25c dis	−0.29	0.55-0.80dis	−0.38
Sweden	—	7.24½-7.25	2.10-2.40ore dis	−3.74	5.80-6.30dis	−3.35
Japan	167.20-167.85	167.65-167.75	0.34-0.29y pm	2.26	0.99-0.94 pm	2.30
Austria	15.73¾-15.77¾	15.75¾-15.76¼	3-2gro pm	1.?1	9-6 pm	1.90
Switz.	1.8400-1.8485	1.8455-1.8465	0.20-0.15c pm	1.13	0.80-0.70 pm	1.63

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.
Belgian rate is for convertible francs. Financial franc 46.25-46.35.

CURRENCY MOVEMENTS

June 20	Bank of England Index	Morgan Guaranty Change %
Sterling	75.7	−15.6
U.S. dollar	116.1	+6.7
Canadian dollar	78.7	−12.2
Austrian schilling	136.8	+7.0
Belgian franc	95.1	−7.5
Danish Kroner	86.4	−1.5
Deutsche mark	134.7	+14.5
Swiss franc	159.1	+17.3
Guilder	124.7	+9.3
French franc	68.9	−15.6
Lira	46.1	−18.0
Yen	205.7	+51.5

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

EURO-CURRENCY INTEREST RATES

June 20	Short term	7 Days notice	1 Month	Three Months	Six Months	One Year
Sterling	10-10⅛	10-10⅛	10-10⅛	9⁹⁄₁₆-9½	9⅝-9⁷⁄₁₆	9⅜-9¼
U.S. Dollar	6⅞-7	6⅞-7	6¹⁵⁄₁₆-7¹⁄₁₆	6⅞-7	7-7⅛	7-7⅛
Can Dollar	8½-8¾	8½-8¾	8½-8¾	8½-8¾	8¾-9	8⅞-9⅛
D Guilder	6½-6¾	6⅜-6⅝	6⁵⁄₁₆-6⁷⁄₁₆	6-6⅛	5¾-5⅞	5⁹⁄₁₆-5¹¹⁄₁₆
Sw. Franc	1¼-1½	17¼-17½	5¹¹⁄₁₆-5¹³⁄₁₆	5⁷⁄₁₆-5⁹⁄₁₆	5⁵⁄₁₆-5⁷⁄₁₆	5-5⅛
Deutschmrk	4⅜-4½	4⁷⁄₁₆-4⁹⁄₁₆	4½-4⅝	4½-4⅝	4⁷⁄₁₆-4⁹⁄₁₆	4⅝-4¾
Fr. Franc	7-7⅛	7⁷⁄₁₆-7⁹⁄₁₆	7⁷⁄₁₆-7⁹⁄₁₆	7½-7⅝	7¼-7⅜	7⅜-7½
Italian Lire	10-12	11½-12¾	12-12¾	11⅝-11⅞	11¼-11¾	11¼-11¾
B.Fr.(Fin)	6⅞-7⅛	7⅛-7⅜	7⅛-7⅜	7⅛-7⅜	7¼-7½	7¼-7½
B.Fr.(Con)	6⅞-7⅛	7⅛-7⅜	7-7½	7-7½	7⅛-7⅝	7¼-7¾
Yen	4¹¹⁄₁₆-4¾	5⅛-5⅝	4⅛-4⅜	4¾-4¹³⁄₁₆	4⅛-4¾	4⅛-4⅜
D. Krone	8⅞-9⅝	8⅝-9⅛	8⅝-9⅛	8½-9	8½-9	8¾-9¼
Asian $ (Sng)	6¹⁵⁄₁₆-7¹⁄₁₆	6¹⁵⁄₁₆-7¹⁄₁₆	6¹⁵⁄₁₆-7¹⁄₁₆	6¹⁵⁄₁₆-7¹⁄₁₆	6¹⁵⁄₁₆-7¹⁄₁₆	7¹⁄₁₆-7³⁄₁₆

Long-term Eurodollars: two years 7⅝-7¾ per cent; three years 8⅛-8¼ per cent; four years 8¼-8½ per cent; five years 8½-8¾ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

OTHER CURRENCIES

June 20	£	$
Arg'tina	1.3205-1.3230	0.8800-0.8810
Aus'alia	2.1690-2.1785	1.4450-1.4460
Brazil	13.77-13.84	20.66-20.79
Finland	7.7915-7.8130	5.1925-5.2025
Greece	210.20-214.71	139.93-142.88
H'kong	11.7145-11.7285	7.8090-7.8100
Iran	119.00*	79.00*
Kuwait	0.4430-0.4440	0.29509-0.29559
Lux'burg	67.70-67.80	45.80-45.85
Malaysia	3.9375-3.9475	2.6235-2.6265
N'Z'land	2.8345-2.8430	1.8870-1.8920
Saudi Ar.	5.6350-5.6405	3.7505-3.7515
Sin'pore	3.3380-3.3445	2.2240-2.2260
S Af.(Cm)	3.6710-3.7010	2.4640-2.4690
S.Af.(Fn)	6.3920-6.6755	4.2555-4.4445
U.A.E.	5.5170-5.5240	3.6720-3.6740

* Selling rate.
Correction for June 18, Finland $: 5.1960-5.1990.

EXCHANGE CROSS RATES

Jun. 20	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.500	3.368	251.5	10.75	2.769	3.793	2308.	2.083	68.75
$	0.667	1.	2.245	167.7	7.163	1.846	2.528	1539.	1.389	45.83
DM	0.297	0.445	1.	74.68	3.191	0.822	1.126	685.4	0.619	20.42
YEN	3.976	5.964	13.39	1000.	42.72	11.01	15.08	9177.	8.282	273.4
F Fr.	0.931	1.396	3.134	234.1	10.	2.577	3.530	2148.	1.939	63.98
S Fr.	0.361	0.542	1.216	90.83	3.880	1.	1.370	833.5	0.752	24.83
H Fl.	0.264	0.395	0.888	66.32	2.833	0.730	1.	608.6	0.549	18.13
Lira	0.433	0.650	1.459	109.0	4.656	1.200	1.643	1000.	0.903	29.79
C $	0.480	0.720	1.617	120.7	5.158	1.329	1.821	1108.	1.	33.01
B Fr.	1.455	2.182	4.898	365.8	15.63	4.028	5.516	3357.	3.030	100

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

MONEY MARKETS

UK rates higher

Interest rates were slightly firmer where changed in the London money market yesterday. Trading was rather dull and featureless ahead of the weekend. Three-month interbank money rose to 9¹³⁄₁₆-9¹¹⁄₁₆ per cent from 9⅝-9½ per cent. The weekend rate opened at 10¼-10½ per cent and eased to a low of 6 per cent before finishing at 11 per cent.

There was little of much importantce to influence the market ahead of the weekend. Opinion on the prospects of an early cut in base rates remained divided with some dealers suggesting that there was unlikely to be any movement before the next set of money supply figures.

The Bank of England forecast a shortage of around £900m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £660m and a rise in the note circulation a further £235m. In addition banks brought forward balances £75m below target. These were partly offset by Exchequer transactions which added £65m. The Bank gave early assistance in the morning of £309m through outright purchases of eligible bank bills. £92m in band 1 at 9⅞ per cent, £713m in band 2 at 9¹³⁄₁₆ per cent, £23m in band 3 at 9¾ per cent and £21m in band 4 at 9¹¹⁄₁₆ per cent.

Further help was given in the morning of £130m through outright purchases of £42m in eligible bank bills in band 1 at 9⅞ per cent and in band 2 £50m of Treasury bills and £38m of eligible bank bills all at 9⅞ per cent. In the afternoon the authorities bought £490m of bills outright, comprising £1m of eligible bank bills in band 1 at 9⅞ per cent, £433m in band 2 at 9¹³⁄₁₆ per cent and £56m in band 3 at 9¾ per cent. Total help was £929m.

The average rate of discount at the weekly Treasury bill tender rose by 0.1528 per cent to 9.5050 per cent. Total applicationsf or the £100m on offer attracted bids of £351m and all bills offered were allotted. Next week a similar amount of bills will be on offer, replacing a similar number of maturities.

UK clearing bank base lending rate, 10 per cent since May 23

FT LONDON INTERBANK FIXING

(11.00 a.m. June 20)

Three months US dollars bid	Three months US dollars offer	Six months US dollars bid	Six months US dollars offer
bid 6 ¹³⁄₁₆	Offer 7 ¹⁄₁₆	bid 6 ¹⁵⁄₁₆	Offer 7 ¹⁄₁₆

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

June 20	Over-night	One Month	Two Months	Three Months	Six Months	Lombard Intv'tin
Frankfurt	4.20-4.30	4.40-4.55	4.45-4.60	4.45-4.60	4.50-4.65	5.5
Paris	7	7⅛-7¼	7⅛-7¼	7⅛-7¼	7⅛-7¼	7
Zurich	7⅛-1⅛	5½-5⅝	—	5¼-5⅝	—	—
Amsterdam	6½-6⅝	6⅛-6¼	—	5½-6⅛	—	—
Tokyo	4.21875	4.59375	—	4.68750	—	—
Milan	12⅛-12¾	12⅛-12½	—	12 1/2⅝	—	—
Brussels	4.70	7⅛-7¼	—	7¼-7⅝	—	—
Dublin	9¹⁄₁₆-9⅜	9½-9⅜	9⅛-9⅛	9⅝-9⅛	9⅝-9½	—

LONDON MONEY RATES

June 20	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	6-11	10-10⅛	9⅞-10¹⁄₁₆	9¹³⁄₁₆-9⁷⁄₁₆	9⅝-9¾	9⅝-9¾
Sterling CDs	—	—	9¹⁵⁄₁₆-10¹⁄₁₆	9¾-9⁵⁄₁₆	9½-9¹¹⁄₁₆	9½-9¹¹⁄₁₆
Local Authority Depos	10-10⅛	10-10⅛	10	9¹³⁄₁₆	9⅝	9⁵⁄₁₆
Local Author'y Bonds	—	—	10⅛	10⅛	10	9⁷⁄₁₆
Discount Mkt Depos	7-10⅛	10-10⅛	9¾	9¼	—	—
Company Depos	10	10	9⅞-10	9¾-9⁷⁄₁₆	9⅝	9¾
Finance House Depos	—	—	10	9¹⁄₁₆	9⁷⁄₁₆	9⅝
Treasury Bills (Buy)	—	—	9¹³⁄₁₆	9⁷⁄₁₆	—	—
Bank Bills (Buy)	—	—	9¹³⁄₁₆	9⁹⁄₁₆	9⁷⁄₁₆	—
Fine Trade Bills (Buy)	—	—	10⅟₁₆	10⅟₁₆	9¹¹⁄₁₆	—
Dollar CDs	—	—	6.85-6.90	6.9-6.95	6.95-7.00	7.10-7.15
SDR Linked Depos	—	—	6⅝-6⅝	6⅝-6⅝	6¹⁄₁₆-6¹¹⁄₁₆	6¹⁄₁₆-6¹¹⁄₁₆
ECU Depos	—	—	7⅞-7⅛	7¼-7⅝	7¼-7⅜	7¼-7⅝

Treasury Bills (sell): one-month 9¹³⁄₁₆ per cent; three months 9⁹⁄₁₆ per cent. Bank Bills (sell): one-month 9¹³⁄₁₆ per cent; three months 9²³⁄₃₂ per cent. Treasury Bills: Average tender rate of discount 9.5050 per cent. ECGD Fixed Finance Scheme IV reference date May 7 to June 3 (inclusive) 10.176 per cent.

Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rates 10½ per cent from June 1 1986. Bank Deposit Rates for sums at seven days' notice 4.35-4.375 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 10 per cent; one-three months 9¾ per cent; three-six months 9¾ per cent; six-nine months 9¾ per cent; nine-12 months 9¾ per cent. Under £100,000 9¾ per cent from June 20. Deposits held under Series 5 9¾ per cent. Deposits withdrawn for cash 5½ per cent.

WORLD STOCK MARKETS

WALL STREET

Sharp rise on expiring options

MAJOR STOCK market averages closed sharply higher on Wall Street yesterday in a wild finish tied to expiring stock index options and futures and individual stock options.

The Dow Jones Industrial moved up 23.68 to 1879.54, for a net rise of 5.35 on the week, while the NYSE All Common index, at $145.65, rose $1.45 on the day and 65 cents on the week. But losses led gains by 880-to-764, in a volume of 149.14m (129.61m) shares.

"The futures favoured buy programmes a good part of the afternoon," said Tony Woodruff, vice president of equity trading at Kidder, Peabody and Co. A flood of orders at the closing bell pushed stocks in the average sharply higher.

The Dow Average, for example, soared 23 points. But in the broader market declines led advances by an eight-seven margin.

Dart and Kraft led the actives, jumping $3⅞ to $64¼ — it will split into two separate entities through a stock distribution. Enthusiasm spilled over into Food issues, with General Mills jumping $2½ to $83 and Sara Lee rising $4 to $71.

Texas Instruments climbed $3 to $123 and Motorola $1½ to $40½. National Semiconductor rose $½ to $12½ — it reported an operating loss of 13 cent per share in the fourth quarter

US Tobacco climbed $4¼ to $40¼—A US court jury in Oklahoma ruled in favour of the company in a suit brought by the mother of a youth who died of cancer after using the company's smokeless tobacco product.

Boeing climbed $1½ to $63¾—it received a $2.3bn order from GPA Group of Ireland.

Drugs were mixed. Upjohn retreated another $2 to $92½.

With energy futures climbing sharply, several Oils posted large gains. Atlantic Richfield rose $2 to $55.

The American S.E. Market Value Index rose 0.46 to 281.65, reducing its loss on the week to 0.98. Declines led advances 314-267. Volume 15.09m (12.45m shares.

CANADA

Stocks edged lower in active trading.

The Toronto Composite index eased 0.9 to 3059.3. But the Oil and Gas index firmed 1.4 to 2571.5 and Golds 1.6 to 3966.3.

Cableshare lost C$1⅞ to C$54⅞ — Thursday it set a four-for-one Common stock conversion into subordinate and multiple voting shares.

AUSTRALIA

Firmer with a shortage of scrip among quality Industrials helping to offset weaker Resource and Mining sectors.

The All Ordinaries index firmed 3.9 to 1,214.7 and the All Industrials rose 11.9 to 1,941.0. The All Resources fell 2.5 to 664.3, and the Gold index 5.5 to 928.0. National turnover 73.3m shares worth A$76.4m, with falls outnumbering rises 263-to-210.

Falls in corporate lending interest rates and renewed institutional buying helped boost Industrials, with Bank and Finance company scrip in demand.

Traders said tax considerations for the end of the fiscal year June 30 are beginning to have an effect on the market, with some "large" investors selling weak positions to show losses.

Mines were slightly weaker. Gold Mines were mixed, with Barrack up 10 cents to A$5.00 and Central Norseman 10 cents to A$7.90.

Oil and Gas stocks made a slight recovery despite falling crude prices, with onshore producer Santos up 10 cents to A$3.95.

Among Media stocks, News Corp finished 60 cents up at A$21.20 after reaching a low of A$18 during the week. Herald and Weekly Times moved up 30 cents to A$6.40.

TOKYO

Shares soared for the third consecutive day as the buying spree continued among low-priced "large"-capital shares and the Nikkei Dow Market Average ended at the closing record high of 17,403.13, up 125.54.

The Average jumped to an all-time record high of 17,424.66 at one point, after gaining 101.18 on Thursday. Turnover bulged to 1,500m (1,100m) shares, the second largest on record after 1,934m on March 17 this year.

Institutional investors have been shifting funds to the equity market from the Bond market, so it is difficult to stop the current upturn, one Stock Market analyst said.

Steels, including Nippon Steel, Kawasaki Steel and Nippon Kokan made good gains. Traders said they own large chunks of the Tokyo Harbour area, which are ripe for redevelopment.

Buying of low-priced shares has spread to heavy electric machine producers with Hitachi rising Y11 to Y857 and Mitsubishi Heavy Industries Y20 to Y1,550.

HONG KONG

Narrowly mixed.

The Hang Seng index was up 2.75 to 1781.04. Turnover HK$254.39m (HK$284.83m).

Minor Corporate rumours supported some "small" issues.

Sun Hung Kai Properties rose 10 cents to HK$12.5 on rumour it might be involved in a Corporate share exchange.

Hongkong & Kowloon Wharf finished unchanged at HK$7.05, despite rumours of a bonus issue.

HK-TUB eased 5 cents to HK$7.15 although subject to Corporate rumours.

SINGAPORE

Modestly higher after renewed afternoon buying rescued stock prices from the depressing effects of widespread morning profit-taking.

The SE All Share index rose 2.00 to 247.80. Advances led declines 131-to-41, while volume slowed to 29.1m (35.7m) units.

Industrials finished mostly firm, with Marine concerns performing particularly well.

Banks were steady to higher. Properties renewed recent gains. Plantations closed mostly higher.

GERMANY

Leading German shares fell but ended another quiet session above the day's lows.

The fact that Monday's rally, after Chancellor Helmut Kohl's Christian Democrats emerged as the strongest party in weekend regional elections, fizzled out almost immediately, continued to discourage investors.

Foreigners did not feature in trading and some dealers said they may have turned to other markets.

The Commerzbank index of 60 leading shares, calculated at mid-session, fell 50.6 to 1951.3.

Banks were lower.

Daimler, however, bucked the downward trend and rose DM 7 to 1,389. VW slipped DM 7.40 to 547.50 and BMW lost DM 12 to 591.

Electrical Siemens declined DM 6 to 634. AEG fell DM 4.5 to 314 on lower sales in the first five months but higher import orders.

SWITZERLAND

Domestic stocks narrowly mixed with a weaker bias in fairly active trading, influenced by Wall Street's lower overnight close and rising Swiss francs interest rates.

Banks sold shares out of their own portfolio to prepare for high liquidity requirement for the end of June, owing to a concentration of tax payments in the month together with other semi-annual payments.

Swissair bearer came back from a firmer opening to SFr 1,650 on news that it's April revenues fell nine per cent owing mainly to unfavourable currency developments.

JOHANNESBURG

Gold shares mostly firmer on the steady bullion price and a weaker rand, but trading was very quiet and uncertain ahead of the weekend.

Heavyweights Buffels ended R3 up at $7.50.

Among "cheaper" shares Loraine rose 30 cents to R13.05. Mining Financials had Anglos up 90 cents at R47.25.

BRUSSELS

Mixed, with a higher bias in active trading.

Electrical Engineer ACEC, up BFr 96 1,400, was the star, ahead of expected strong demand for its majority-owned Barco subsidiary due to be floated on Monday.

CANADA

Stock	June 20	June 19
AMCA Intl	17½	17⅝
Abitibi	24¾	25
Agnico Eagl	21⅞	21⅝
Alberta Energy	11⅜	11¼
Alcan Aluminium	42¼	42
Algoma Steel	14⅞	15
Bank Montreal	32¾	32⅞
Bank Nova Scotia	15⅛	15⅞
BCE	37⅝	37¾
Bombadier A	21¼	21¼
Bow Valley	10½	10⅜
BP Canada Res	29½	29⅝
Brascan A	25⅛	25¼
B. C. Forest	14½	13¾
Cilinc	31	31¼
CadillacFairview	19⅞	19⅝
Cambell Red L	20⅝	20¾
Can. Cement Pt	14⅞	15
Can. NW Energy	16	15½
Can. Packers	44¼	44⅛
Can. Trustco	51	51
Can-Imp. Bank	18¼	18
Can Pacific	17	17
Can Tyre C	14⅞	14⅝
Canfor	14¼	13¼
Carling O'Kfe	13¾	13¾
Chieftain	8⅝	8⅝
Cominco	13⅝	13¾
Conigas Mines	4.30	4.30
Cons. Bathst. A	24	24½
Coremark Int	7⅛	7¼
Costain	15⅝	15⅝
Denison Mines A	5⅞	6¾
Dofasco Inc	29¾	29¾
Dome Mines	8½	8½
Dome Petroleum	1.30	1.33
Domtar	31⅛	31½
Falconbridge	21⅜	21½
Fed. Inds. A	17⅞	17⅞
Gendis A	21	21⅛
Genstar	57¾	57⅞
Giant Y'knife	17¾	18
Gt. West Life	880	700
Gulf Canada	15	15
Hawker Sid. Can	27⅝	27
Hudson's Bay	30	29¼
Husky Oil	8⅛	8⅛
Imasco	34⅞	34½
Imperial Oil A	38⅞	39
Inco	18⅝	18⅜
Indal	17	17⅝
Interprov. Pipe	43⅝	43⅝
Labatt (John)	45½	46⅛
Lac Minerals	21¼	21⅝
Loblaw	13⅝	13¼
Macmil Boedel	39½	39¼
Magna Int	33⅞	34¼
Marks & Spencer	23¾	23¾
Massey Ferguson	3.65	3.65
McIntyre Mines	43⅛	43⅛
Mitel Corpn	6⅞	6⅞
Molson A	29¾	30
Moore Corpn	34¾	34⅜
Nat. Bank Can	28⅛	28½
Noranda Inc	18⅜	18¼
Norcen Energy	15¼	15⅛
Nth. Telecom	40⅜	40¼
Nova Alberta	4.70	4.70
Numac Oil & Gas	8½	8⅜
Oakwood Pet	2.50	2.75
Pan. Can Pet	23⅞	24
Placer Dev	24¼	23¾
Power Corp	18⅝	18¾
Quebec Sturgeon	4.40	4.50
Ranger Oil	5⅝	5½
Reed Stenh'se A	52	52
Rio Algom	23¾	23¾
Royal Bank Can	32⅛	32⅛
Royal Trust A	31¾	31⅞
Sceptre Res	2.65	2.66
Seagram	84	84½
Sears Can. A	14⅝	14⅝
Shell Can. A	23½	23
SHL System'hse	25¾	25⅞
Shelco A	24⅛	24½
Teck B	23	23
Texaco Canada	26¾	26½
Thomson News A	31⅝	31⅞
Toronto Dom. Bk	22⅞	22⅞
Transalta A	28⅛	28¼
Trans. Can. Pipe	16½	17
Walker Hiram	36⅝	36⅝
W Coast Trans	13½	14
Weston (Geo)	32	33

Cocoa and sugar prices down again

BY RICHARD MOONEY

WHEN COMMODITY markets run out of reasons for rising it does not take much to send price levels lower.

Over the past few weeks London's cocoa and sugar markets have provided further evidence in support of this simple rule. Both markets have lost ground, not because of any fresh bearish news but because the flow of bullish news has dried up.

Over the past two weeks nearby cocoa values on the London futures market have lost most of the £100 a tonne they had recovered since the second position bottomed out at £1,264.50 a tonne in early May. The fall to that level had resulted largely from the failure in March of attempts to negotiate a price-supporting International Cocoa Agreement to replace the current pact, which abandoned its buffer stock operations in 1982, when it expires altogether at the end of September. The failure was due almost entirely to a decision not to co-operate in price support efforts by the Ivory Coast, the world's biggest cocoa producer.

But, after a decent interval, the Ivory Coast began sending signals to the market, through the medium of its Agriculture Minister, Mr Denis Bra Kanon, suggesting that its opposition to a pact with "economic provisions" might not be as strong as it seemed at the February - March negotiating session.

Revived hope in the possibility of a workable agreement led to a recovery in cocoa price levels which by June 6 had lifted the September futures position to £1,365 a tonne.

But then the renewed optimism began to wear thin. With the approach of next month's resumed pact negotiations dealers began to question the sincerity of the Ivory Coast's intentions and to pay more attention to the basically bearish supply/demand situation, with traders and manufacturers requirements well covered and producers believed quite anxious to sell.

The result has been an unspectacular but inexorable decline in prices which has seen nearly £80 wiped off the September position in less than two weeks. In New York this week nearby cocoa futures reached a 1986 low and on the London market the September position dipped to £1,285.50 a tonne before steadying marginally to end £35 down on balance at £1,287.50 a tonne.

The pattern on the world sugar market has been very similar. Following a long period of depression supply/demand prospects began to take on a more bullish appearance with anylysts projecting substantial reductions in stocks for this year and next year. Prices responded with the London daily raw sugar price climbing to a peak of $222.50 a tonne in mid-April.

But that level had been boosted by an influx of speculative funds funnelled through investment managers who saw few other bullish prospects to put their clients' money into.

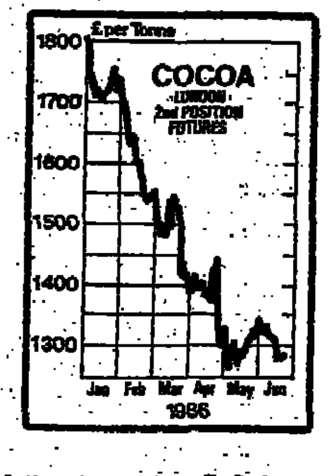
And that money was quick to come out of the market when the price trend went into reverse.

There has been no significant change in the market's perception of supply demand prospects, but the weight that is now being given to the expected fall in stocks (which will still leave a very comfortable cushion against possible production setbacks) has been reduced considerably.

This week saw the London daily price fall to $149 a tonne, the lowest level since the end of February, before ending $7.50 down on the week at $149.50 a tonne.

"I still see the market going up gently in the medium to longer term," commented Mr Chris Pack, of London broker C. Czarnikow, yesterday. "But there is always a danger of it going up too fast, as we have seen in recent months."

If this happened, producers who were sitting on supplies might once again be attracted into the market, bringing a further price set-back.



US MARKETS

CRUDE OIL saw a good rally in the expiring July position which, in the final hour, gained as much as 80c on the day in a market which had struggled all week to breach resistance at $14, reports Heinold Commodities. The covering of heavy short positions helped the market at one point to $14.60. Interestingly, however, the shorts were not rolled into the August delivery, a fact which appeared to confirm that the market is not prepared to sell heavily ahead of next weekend's Opec talks, as the possibility of finding a price supporting agreement became a larger factor in traders' strategies. Sugar registered further losses, again after an initial rally attempt. Analysts suggested that the close below 6.5c in the October position was technically very weak and expected a continuation.

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

	Close	High	Low	Prev
June	53.25	—	—	53.50
July	53.25	53.55	53.00	53.50
Aug	53.30	—	—	53.50
Sept	53.35	53.55	53.00	53.50
Dec	53.70	54.30	53.35	53.85
Jan	53.90	—	—	54.05
March	54.05	—	—	54.20
May	54.20	—	—	54.30
July	54.35	—	—	54.40
Sept	54.45	—	—	54.60

COCOA 10 tonnes, $/tonne

	Close	High	Low	Prev
July	1673	1677	1658	1696
Sept	1735	1752	1731	1758
Dec	1796	1810	1794	1814
March	1843	1863	1846	1865
May	1880	1885	1883	1900
July	1903	1910	1908	1932
Sept	1927	1933	1926	1942

COFFEE "C" 37,500 lb, cents/lb

	Close	High	Low	Prev
July	183.69	186.20	183.00	187.51
Sept	187.42	190.50	186.00	190.69
Dec	190.38	193.75	189.75	192.99
March	191.00	196.00	191.00	195.00
May	192.38	195.00	193.02	195.75
July	196.00	—	—	197.75
Sept	198.00	—	—	199.75

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
June	62.90	—	—	62.95
July	63.00	63.25	62.80	63.05
August	63.15	—	—	63.05
Sept	63.30	63.55	63.10	63.35
Dec	63.65	63.80	63.55	63.65
Jan	63.75	—	—	63.75
March	63.95	64.10	63.90	63.95
May	64.15	—	—	64.15
July	64.35	64.40	64.35	64.35
Sept	64.55	—	—	64.55

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
July	68.30	68.35	67.65	67.60
Oct	33.70	34.00	33.30	33.28
Dec	34.25	34.35	33.62	33.62
March	34.60	34.80	34.25	34.20
May	35.10	35.10	34.85	34.78
July	35.50	35.65	35.50	35.30
Oct	36.40	—	—	36.20

CRUDE OIL (LIGHT) 42,000 US gallons $/barrels

	Latest	High	Low	Prev
July	14.49	14.60	13.66	13.76
August	12.83	13.40	12.80	13.04
Sept	12.85	12.97	12.63	12.93
Oct	12.88	13.00	12.88	12.95
Nov	12.75	13.03	12.75	13.01
Dec	12.85	13.20	12.84	13.07
Jan	13.00	13.15	13.10	13.05
Feb	13.03	13.25	13.03	13.03
March	13.15	13.20	13.10	13.01
April	13.25	—	—	12.99

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
June	340.4	340.7	338.5	338.5
July	341.3	—	—	339.5
August	342.7	343.4	340.3	340.9
Oct	345.7	346.8	343.6	343.9
Dec	349.0	349.8	346.5	347.2
Feb	352.6	—	—	350.8
April	356.0	—	—	354.2
June	359.5	—	—	357.6
August	363.3	362.2	362.2	361.4
Oct	367.1	—	—	365.2
Dec	371.2	—	—	369.3
Feb	375.5	375.6	375.5	373.6
April	379.9	378.7	378.7	378.0

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	High	Low	Prev
July	36.65	37.85	36.12	38.25
Aug	37.55	38.70	37.20	38.89
Sept	38.75	39.50	38.50	39.72
Oct	39.60	40.50	39.55	40.65
Nov	40.70	41.25	40.50	41.40
Dec	41.30	42.15	41.20	42.36
Jan	42.30	42.65	42.15	42.88
Feb	42.50	—	—	42.86
March	40.50	40.70	40.70	40.71
April	38.50	38.50	38.00	38.61

ORANGE JUICE 15,000 lbs, cents/lbs

	Close	High	Low	Prev
July	103.85	104.05	102.50	103.45
Sept	103.75	103.95	102.75	103.00
Nov	104.40	104.50	103.90	104.00
Jan	105.80	105.90	104.75	105.45
March	106.08	106.95	106.00	106.65
July	108.80	107.25	107.00	107.90
Sept	108.80	107.90	107.50	108.55

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
June	429.7	—	—	429.4
July	431.2	433.0	428.5	430.9
Oct	436.2	438.2	433.0	435.7
Jan	439.2	440.5	436.0	438.7
April	442.4	444.5	443.0	441.9
July	445.9	—	—	445.4

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
June	510.2	512.0	512.0	508.6
July	511.0	518.0	507.5	507.5
Aug	514.1	516.0	515.0	510.6
Sept	517.3	522.5	513.5	513.8
Dec	526.5	532.0	523.0	522.9
Jan	529.8	—	—	526.0
March	535.6	538.0	537.0	532.0
May	541.8	547.0	541.0	538.2
July	548.1	547.5	547.5	544.5
Sept	555.0	—	—	551.4

SUGAR WORLD "11" 112,000lbs, cents/lbs

	Close	High	Low	Prev
July	5.97	6.24	5.95	6.14
Sept	6.17	6.43	6.20	6.31
Oct	6.44	6.72	6.41	6.60
Jan	6.63	6.75	6.71	6.95
March	7.05	7.33	7.05	7.20
May	7.31	7.53	7.30	7.39
July	7.48	7.64	7.48	7.54
Sept	7.62	—	—	7.68
Oct	7.66	7.78	7.66	7.70

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Latest	High	Low	Prev
June	56.97	57.10	56.20	56.02
August	54.92	55.00	53.95	53.57
Oct	53.67	53.75	52.85	52.62
Dec	54.90	54.95	54.50	54.35
Feb	53.65	53.65	53.25	53.15
April	54.95	55.45	54.90	54.65
June	55.70	55.70	—	55.40

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
June	59.65	59.72	59.00	58.22
July	54.27	54.27	53.20	52.77
August	51.10	51.20	50.25	50.05
Oct	45.22	45.50	44.75	44.55
Dec	45.72	46.20	45.17	45.00
Feb	44.32	44.47	43.85	43.85
April	40.42	40.55	39.60	39.95
June	42.32	42.60	41.80	41.85
July	41.50	41.90	41.80	41.50

MAIZE 5,000 bu minu, cents/56 lb-bushel

	Close	High	Low	Prev
July	234.6	235.0	232.4	234.0
Sept	197.2	198.4	197.0	198.6
Dec	189.6	192.4	189.4	193.0
March	198.4	202.0	198.2	202.4
May	203.4	205.6	203.4	206.6
July	203.4	207.0	203.4	207.0
Sept	194.2	197.6	194.2	198.0

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
July	73.37	73.80	72.10	71.90
August	70.00	70.86	68.65	69.69
Feb	64.62	64.62	63.50	62.62
March	63.40	63.40	63.30	61.40
May	65.22	65.22	63.75	63.27
July	65.80	66.80	64.60	60.50

SOYABEANS 5,000 bu min, cents/60 lb-bushel

	Close	High	Low	Prev
July	534.2	534.4	531.2	533.4
August	522.6	525.2	521.6	524.6
Sept	510.4	512.4	510.0	512.4
Nov	507.2	509.0	506.0	511.0
Jan	516.0	517.6	514.6	519.4
March	526.0	526.6	524.0	528.6
May	531.0	532.0	530.0	531.0
July	533.0	536.0	533.0	537.4
August	532.0	532.4	532.0	536.4

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
July	150.1	150.2	149.2	149.9
Aug	147.5	147.9	147.2	147.8
Sept	145.8	146.0	145.3	146.5
Oct	144.5	144.8	144.0	145.3
Dec	147.0	147.4	146.5	147.7
Jan	148.2	149.0	148.0	149.0
March	150.5	—	—	151.5
May	153.2	—	—	153.8
July	156.0	—	—	156.5

SOYABEAN OIL 60,000 lbs, cents/lb

	Close	High	Low	Prev
July	16.89	16.90	16.77	16.93
Aug	17.07	17.07	16.95	17.11
Sept	17.20	17.20	17.10	17.25
Oct	17.25	17.25	17.10	17.29
Dec	17.58	17.63	17.50	17.65
Jan	17.65	17.75	17.65	17.75
March	17.97	18.05	17.95	18.00
May	18.30	18.30	18.30	18.44
July	18.60	—	—	18.72

WHEAT 5,000 bu min, cents/60 lb bushel

	Close	High	Low	Prev
July	245.6	248.4	245.4	246.6
Sept	246.4	248.6	246.2	247.6
Dec	253.6	256.4	253.2	255.0
March	252.4	255.4	252.2	254.2
May	242.4	246.0	242.4	244.6
July	229.4	233.0	229.4	232.0

SPOT PRICES—Chicago loose lard 11.00 (same) cents per pound. Handy and Harman silver bullion 511.0 (509.5) cents per troy ounce.

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1986 High	1986 Low
METALS					
Aluminium					
Free Market c.i.f.	$1230/250	—55	$1050/1080	$1400/1450	$1150/1170
Antimony					
Free Market 99.6%	$2450/2550	—150	$2725/2825	$2720/2780	$2450/2550
Copper-Cash High Grade	£927.5	—24	£1114	£1028.5	£917.5
3 months Grade A	£946.75	+1.25	£1126.75	£1059.25	£928.25
Gold per oz	$341	—6.75	$314.75	$362	$327.5
Lead Cash	£282	—2	£307.5	£293	£233.5
3 months	£282	—6	£304.5	£271.5	£241.25
Nickel					
Free market	186/206c	—2	250/280c	195/215c	175/195c
Palladium	$110.95	—1.05	$98.75	$115.10	$95.25
Platinum per oz	$450.60	—18.50	$267.90	$450.60	$342.50
Quicksilver (76 lbs)	$210/220	—	$285/295	$350/360	$205/215
Silver per oz	339.35p	—10.45	476.45p	462.10p	317.70p
3 months per oz	347.05p	—10.55	493.15p	465.20p	325.60p
Tin					
Free market	£3,660/820	—37.5	†	£5800/6250	£3,420/480
Tungsten Ind	$58.73	—0.40	$73.74	$69.74	$58.73
Wolfram (22.04 lb)	$42/50	—	$56/60	$56/63	$42/50
Zinc cash	£536.5	—10	£570	£552.5	£409
3 months	£540.5	—7.75	£569	£551.5	£419.25
Producers	$840	—	$880	$840	$650/670
GRAINS					
Barley Futures Sept	£98.35	+0.95	£97.05	£116.80	£95.90
Maize French	£134.50	—	£146.50	£146.50	£130.00
WHEAT Futures Sept	£99.15	+0.15	£98.05	£121.45	£98.50
SPICES					
Cloves	$4,600	—50	$3,250	$4,900	$4,600
Pepper white	$5,000	+200	$3,500	$6,725	$4,600
black	$3,950	+200	$3,025	$4,400	$3,600
OILS					
Coconut (Philippines)	$260y	—7.5	$615	$440	$235
Palm Malayan	$247.5w	—	$560	$405	$230
SEEDS					
Copra (Philippines)	$160x	—	$350	$270	$145
Soyabeans (U.S.)	$152y	—	$232.4	$229.5	$148
OTHER COMMODITIES					
Cocoa Futures Sept	£1287.5	—35	£1719	£1,804.5	£1,264.5
Coffee Futures Sept	£1874	+52.5	£2054.5	£3,007.5	£1,809.5
Cotton Outlook A Index	40.60c	—1.2	62.70c	56.25c	40.60c
Gas Oil Fut. Aug.	$114.75	—7.25	$214.5	$232.75	$110.25
Jute UA BWC grade	$290	—	$745	$320	$290
Rubber kilo	57.5p	+0.5	67p	64.25p	54p
Sisal No. 3L	$620	—	$640	$620	$590
Sugar (Raw)	$149.5y	—7.5	$85	$222.5	$116
Tea (quality) kilo	190p	—	205p	202p	175p
(low med) kilo	90p	+5	116p	118p	80p
Wooltops 64s Super	415p kilo	—7	457p Kilo	428p kilo	397p kilo

† Unquoted. (g) Madagascar. (w) July. (x) June-July. (y) July-Aug.

INDICES

REUTERS

June 20	June 19	M'th ago	Year ago
1628.2	1633.7	1758.0	1789.0

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	June 19	June 18	Month ago	Year ago
Spot	125.30	124.69	—	118.97
Fut.	115.26	114.59	—	118.10

(Base: December 31 1931 = 100)

GRAINS

	WHEAT		BARLEY	
Mnth	Yesterday's close	+ or —	Yest'rdy's close	+ or —
July	111.00	—	—	—
Sept	99.15	—0.10	98.35	+0.25
Nov	102.10	—0.05	101.45	+0.40
Jan	105.25	—	104.95	+0.40
Mar	107.60	—0.05	107.40	+0.30
May	109.85	—0.05	108.60	+0.35

HGCA—Locational ex-farm spot prices. Feed barley: N East 113.00. The UK monetary coefficient for the week beginning Monday June 30 (based on HGCA calculations using three days' exchange rates) is expected to be unchanged.

Business done—Wheat: July 111.00, Sept 99.50-9.15, Nov 105.40-5.20, May 107.75-7.60. Sales: 137 lots of 100 tonnes. Barley: Sept 98.50-8.25, Nov: 101.90-1.65, Jan 105.05-4.85, March 107.30, May untraded. Sales: 99 lots of 100 tonnes.

SOYABEAN MEAL

	Latest close	+ or —	Business Done
	£ per tonne		
June	120.0-124.0	—1.25	121.5
August	124.3-124.5	—	—
October	124.6-124.8	—0.25	—
Dec	125.5-126.0	—	126.0
Feb	128.0-129.5	—0.50	—
Apr	129.5-129.5	—1.00	—
June	127.5-128.8	—0.75	128.0

Sales: 21 (217) lots of 20 tonnes.

ALUMINIUM

Official closing (am): Cash 767.5-8.5 (771-2), three months 768-9 (771-2), settlement 768.5 (772). Final Kerb close: 773-4.

Turnover: 28,200 tonnes.

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	769.5-70.5	—2.5	769/769
3 months	771.5-2	—0.75	773/767

COPPER

Official closing (am): Cash 929-30 (941.5-2.5), three months 948-8.5 (952-3), settlement 930 (942.5). Final Kerb close: 948-8.5.

	Unoffic'l close	+ or —	High/low
Cash higher grade	927-8	—11	932/930
3 months grade A	946.5-7	—5	954/946
Cash Cathodes	910-20	—7.5	—
3 months standard	925-30	—5	—

LEAD

Official closing (am): Cash 284-5 (283-4), three months 282-3 (283-4). Settlement 285 (284). Final Kerb close: 281-1.5.

Turnover: 11,650 tonnes. US Spot: 22.75-24 cents per pound.

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	281-3	—2.5	285-285
3 months	281-3	+1.5	283-280

NICKEL

Official closing (am): Cash 2720-5 (2715-6), three months 2725-30 (2727-30), settlement 2725 (2716). Final Kerb close: 2740-45.

Turnover: 1,428 tonnes.

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	2740-50	—25	2725/2710
3 months	2750-5	—14.5	2750/2730

GOLD

Gold rose $1 an ounce from Thursday's close in the London bullion market yesterday to finish at $340¾-341¼. The metal opened at $339-339½ and traded between a high of $340¾-341¼ and a low of $338¾-338¾. A brief attempt to push gold firmer met with early selling after the start of trading in New York.

GOLD BULLION (fine ounce) June 19

Close	$340¾-341¼	(£227-227½)
Opening	$339-339½	(£226-226½)
M'n'g fix	$338.90	(£225.332)
Aft'n'n fix	$339.65	(£226.207)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$337¼-342	(£225-228)
½ Krug.	$179-180¼	(£119¼-120)
¼ Krug.	$91-92	(£60½-61¼)
1/10 Krug.	$37-37¾	(£24½-25¼)
Mapleleaf	$349½-352½	(£233-235)
Angel	$350-352	(£233¼-234½)
1/10 Angel	$34-39¼	(£23½-26¼)
New Sov.	$79½-82½	(£53-55)
Old Sov.	$85½-87	(£57-58)
$20 Eagle	$425-475	(£283¼-316¼)
NoblePlat	$443-448	(£295¼-298½)

TIN

KUALA LUMPUR TIN MARKET: Close 14.10 (14.06) ringgit per kg. Up 0.4 ringgit per kg.

ZINC

Official closing (am): Cash 535-6 (539-9.5), three months 538-5.9 (541-1.5), settlement 536 (539.5). Final Kerb close: 542.5-3.

Turnover: 9,000 tonnes. US Prime Western: 38.5-41.75 cents per pound.

High grade	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	536-7	—	536/535
3 months	540-1	+0.65	543.5/533

SILVER

Silver was fixed 2.95p an ounce higher for spot delivery in the London bullion market yesterday at 339.35p. US cent equivalents of the fixing levels were: spot 509.85c, up 3.25c; three-month 518.05c, up 3.25c; six-month 526.95c, up 3.5c; and 12-month 543.95c, up 3.6c. The metal opened at 339-340½p (508-510c) and closed at 339½-341p (510-512c).

SILVER per troy oz	Bullion Fixing Price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	339.35p	+2.95	339p	+2
3 months	347.05p	+2.85	347p	+2
6 months	356.15p	+3.15	—	—
12 months	370.20p	+3.15	—	—

LME—Turnover: 1 (11) lots of 10,000 oz.

Three months high/low 343p, final kerb 346.5-7.5p.

COFFEE

After a quiet morning dominated by switch activity prices rallied about £80 from the lows on mixed trade and commission house buying. Physical activity was quiet and the Brazilian climate continues to be very mild, reports Drexel Burnham Lambert.

Sales: 4,433 (3,847) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for June 19: Comp daily 1979 155.61 (154.77): 15-day average 154.93 (155.08).

COFFEE	Yesterday Close	+ or —	Business Done
July	1835-1859	+15.5	1857-1785
Sept	1873-1875	+13.0	1880-1825
Nov	1915-1920	+19.0	1920-1865
Jan	1954-1960	+54.5	1965-1909
Mar	1965-1974	+27.0	1974-1936
May	1970-1990	+17.0	—
July	1980-2020	+17.5	—

COCOA

In thin volume futures eased to trade near the contract lows but rallied slightly on the close to end towards the highs. Physicals were more active with producers once again making light sales and consumers showing continuing interest for products, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
July	1255-1258	—2.0	1260-1254
Sept	1287-1288	+2.0	1293-1280
Dec	1325-1326	+5.0	1327-1320
March	1355-1357	+3.0	1359-1351
May	1372-1374	+0.5	1375-1372
July	1390-1392	—0.5	1395-1386
Sept	1405-1408	+1.0	1412-1405

Sales: 2,121 (5,872) lots of 10 tonnes.

ICCO indicator prices (US cents per pound). Daily price for June 20: 85.23 (85.23); five-day average for June 23: 86.07 (86.40).

GAS OIL FUTURES

Month	Yestrday's Close	+ or —	Business Done
	$ US per tonne		
July	113.00	—2.25	118.50-13.00
Aug	114.75	—1.25	117.50-14.50
Sep	117.25	—0.75	119.75-17.00
Oct	120.25	—0.50	121.75-20.00
Nov	122.25	—0.75	123.00-22.00
Dec	124.50	—0.50	—
Jan	127.00	+2.00	127.00

Turnover: 2,333 (1,834) lots of 100 tonnes.

CATHODES

Official closing (am): Cash 910-20 (918-20), three months 927-32 (930-5), settlement 920 (920).

US Producer prices 66.5-72 cents per pound.

Total turnover: 56,175 tonnes.

RUBBER

PHYSICALS — The London market opened sharply higher, attracted little interest at the higher levels and closed uncertain, reports Lewis and Peat. Closing prices (buyers): Spot 57.50p (57.00p). July 56.50p (56.00p). August 56.50p (56.00p). The Kuala Lumpur fob price (Malaysian cents per kg): RSS No 1 was 209.0 (204.5) and SMR 20 186.5 (104.75).

FUTURES—Index 563. July 565-570, July-Sept 564-567, Oct-Dec 582-584, Jan-March 572-574, April-June 585-589, July-Sept 587-592. Sales: 5.

POTATOES

Month	Yesterdays close	Previous close	Business done
	£ per tonne		
Nov	94.70	92.00	95.00-92.50
Feb	106.30	101.50	—
Apr	131.90	126.90	132.50-126.10
May	142.00	138.40	—
Nov	87.50	82.50	—

Sales: 904 (802) lots of 40 tonnes.

OIL

July Brent sold at $11.53, close to the psychological barrier of $11.50. August traded at $11.65 and slightly above, and October around $11.75. Trading was thin with no buying interest in dated barrels. In its last day of trading July WTI opened 10c down on Nymex and traded 28c up at 1 pm EDT. In the petroleum products market gas oil prices continued to fall. Gasoline and naphtha were thinly traded and heavy fuel was still firm with utility buying interest in North West Europe — Petroleum Argus, London.

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—July		
Arab Light	—	—
Arab Heavy	—	—
Dubai	9.95-10.05	—0.15
Brent Blend	11.55-11.65	—0.015
W.T.I. (1pm est)	13.85-13.95	+0.055
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	166-168	—1
Gas Oil	109-110	—4
Heavy fuel oil	57-58	—0.5
Naphtha	111-113	—1

Petroleum Argus estimates.

SUGAR

LONDON DAILY PRICE—Raw sugar $149.50 (£99.50), down $8.00 (down £5.00) a tonne for July-August delivery. White sugar $179.50, down $6.50.

No. 6 Contract	Yest'rdy's close	Previous close	Business done
	$ per tonne F.O.B.		
Aug	156.0-157.0	140.4-141.0	142.8-157.0
Oct	144.8-144.8	148.8-149.0	150.8-144.6
Dec	148.0-150.8	152.2-154.4	—
Mar	159.0-159.2	161.6-162.0	163.8-159.0
May	164.0-164.4	166.0-168.4	167.8-164.0
Aug	167.0-168.8	170.0-171.0	170.6
Oct	171.0-171.8	174.0-175.0	175.4

Sales: 3,869 (4,174) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £202.50 (£208.00) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for June 19: Daily price 6.22 (6.15); 15-day average 6.62 (6.66).

PARIS—(FFr per tonne): Aug 1285-1290, Oct 1325-1328, Dec 1340-1354, Mar 1405-1408, May 1445-1453, Aug 1465-1480.

FREIGHT FUTURES

	Close	High/Low	Prev.
Dry Cargo			
July	611/615	613/611	610/615
Oct.	674/676	676/672	676/677
Jan.	696/697	698/695	698/700
April	750/760	—	750/757
July	690/695	—	690/710
Oct.	755/765	—	750/780
Jan.	815/835	—	810/835
Apr.	872/896	—	850/925
BFI	639.0	—	646.5

Turnover: 82 (45).

	Close	High/Low	Prev.
Tankers			
June	1160/1180	1150	1160/1170
July	1075/1100	1100/1099	1050/1100
Aug	980/1000	1020/1000	1000/1010
Sep	1150/1200	—	1065/1155
Dec	1205/1255	—	1170/1240
Mar.	1300	—	1200
BTI	1216.5	—	1184

Turnover: 27 (43).

Turnover: 43 (38).

MEAT

MEAT COMMISSION — Average fatstock prices at representative markets. GB—Cattle 99.5p per kg lw (—3.02). GB—Sheep 181.80p per kg est dcw (—39.58). GB—Pigs 73.28p per kg lw (—6.85).

	PIGMEAT		BEEF	
Month	Y'day's close	+ or —	Y'day's close	+ or —
July	108.00	+1.00	195.50	+4.50
Aug	100.20	—0.50	186.00	—
Sept	106.50	+0.50	188.00	+3.00

Pigmeat sales 23 (6) lots of 50 carcases, 3,250 kg.

Beef sales: 0 (0) lots of 20 sides.

MARKET REPORT

Pace slows but index extends 7-day rise to 65.8

Account Dealing Dates

Option			
*First Dealings	Declarations	Last Dealings	Account Day
June 2	June 12	June 13	June 23
June 16	June 26	June 27	July 7
June 30	July 10	July 11	July 21

* "New-time" dealings may take place from 9.30 am two business days earlier.

London equities refused to backtrack from their recently enhanced levels yesterday despite an early morning buzz that a major fund-raising operation was imminent. Rumours of an impending placing of either Hanson Trust or NatWest shares cast a shadow over early trade but in the absence of any such deal the market gradually built up fresh confidence.

Business was generally confined to special situations and particularly prospective takeover candidates following the announcements of new bids coupled with an increased offer. Turner and Newall moved to acquire motor component group AE while Hestair revealed agreed terms for JSD Computer. Hestair's bid may have been defensive; speculation has persisted recently that the group might be a target for a larger predator. Sharply increased terms from Emess Lighting for Rotaflex completed the scenario.

UK money market rates hardened further reflecting a report of a conflict within the US Federal Reserve Board; some governors are said to be arguing against another reduction in the discount rate. Equity market sentiment was unaffected, however, by Wall Street's reaction to the report on Thursday.

Institutional investors were less active but the FT-SE 100 share index steadily increased its gain and at the end of the session was up 7.6 more at 1537.2. Over the past seven trading days the index has risen 65.8. The narrow-based FT Ordinary share index rose 3.4 to 1353.4 yesterday, thus extending its rise on the same period to 52.3.

The FT Stock Indices and other share information details appear on Page 14

Awaiting Government initiatives, Gilt-edged stocks gave fresh ground before recovering smartly in the after-hours business. The rally came after confirmation, at 3.30 pm, of the expected funding via the issue of four £150m tranches of existing Gilts. Late in the session selected longs were showing net gains ranging to ¼ whereas in the early trade some had been ¾ lower. Bear-covering was significant in the late dealings.

Merchant Banks good

Merchant banks made another firm showing on buying in anticipation of a resounding success for the forthcoming flotation of Morgan Grenfell-application lists for which open next Thursday with some 32m shares tendered at a minimum price of 425p per share. Mercury International featured with a rise of 25 at 780p, while Leopold Joseph closed a similar amount better at 465p. Hill Samuel advanced 16 at 403p and Schroders gained 7 at 825p. Elsewhere, Standard Chartered rallied from an initial depressed level of 780p to finish a couple of pence dearer on balance at 807p following the announcement that Lloyd's unwelcome offer is not to be referred to the Monopolies Commission. Commercial Bank of Wales, on the other hand, dropped 7 to 69p following after-hours' details of the agreed 70p per share bid from Bank of Scotland, 5 better at 407p. Equity and General fell 4 to 22p in reaction to the disappointing preliminary figures. NatWest, a particularly strong market earlier in the week in reply to Press comment and hopes of a successful rights issue, oftened 6 to 502p after profit-taking.

The success of the rights issue continued to bolster Prudential which rose 16 more to 848p, after 852p. Elsewhere in Insurances, Dewey Warren moved up 3 more to 133p on further consideration of Thursday's revelation that C. E. Heath had made a bid approach to the company; C.E.H. lost 19 at 568p. Minet, meanwhile, gained 6 to 245p in belated response to the quarterly figures.

Buildings provided a handful of firm features, most notably J. Jarvis, another 10 higher at 430p, reflecting continued bid speculation and a stock shortage. John Laing moved up 7 to 455p, J. Mowlem 6 to 318p and Tarmac added 4 more at 462p.

ICI were one of the day's outstanding performers and advanced 25 to 979p in response to sustained buying interest, much of which emanated from the US. Elsewhere, Allied Colloids dipped 13 to 190p on further consideration of the results.

Next wanted

Dealers reported a lively business in Next which touched 264p before settling 7 higher on balance at 261p amid strong suggestions that the company is set to launch a new fashion retail chain to complement its existing highly-successful "Next" outlets. Elsewhere in secondary Stores, A. J. Gelfer eased a couple of pence to 148p, after 143p, as John Crowther, 9 up at 165p, revealed that bid discussions are currently in progress. John Kent improved 5 to 78p following an encouraging meeting with brokers James Capel; Amber Day, which controls just under 30 per cent of Kent, were unchanged at 14p. Milletts Leisure, regarded as a ripe asset value situation, touched 210p in a restricted market but settled only 5 dearer on balance at 190p.

Leading Retailers were quietly firm, Dixons put on 8 to 342p and Woolworth hardened 5 to 760p awaiting the next moves in the current bid situation. Burton, still aided by a broker's "buy" recommendation, rose 4 for a week's gain of 30 to 280p.

Electricals were featured by a jump of 60 to 448p in Rotaflex following the increased and final offer from Emess Lighting, the latter closed 7 dearer at 337p. Elsewhere in the Electrical sector, Lorlin responded to Press mention with a gain of 10 at 180p, while CML Microsystems improved 7 to 177p for a similar reason. Applied Holographics were also noteworthy at 240p, up 15, but Farnell encountered further occasional offerings and gave up 7 more to a new low for the year of 168p. Among the leaders, British Telecom hardened 4 further to 238p following comment on the preliminary figures.

Secondary issues provided several noteworthy movements in the Engineering sector. Further consideration of the preliminary figures prompted a rally of 10 to 290p in Baker Perkins, but Arthur Lee, still reflecting the disappointing annual results, eased 6 more to 65p, while Renold dipped to 76p before closing 5 down at 78p on the current first-half profits warning which accompanied the preliminary results. Speculative demand left Glynwed 16 higher at 330p and Simon 10 dearer at 280p. Molins gained 8 to 183p on a Press report suggesting that the company is considering taking legal action over royalties for one of its products.

Foods displayed a bright feature in Rowntree Mackintosh which advanced 15 to 465p following a flurry of speculative buying. RHM gained 8 to 226p for the same reason, while J. Sainsbury continued firmly at 388p, up 6. AB Foods moved up 6 to 330p following the chairman's encouraging statement at the annual general meeting. Arana added 6 at 562p.

Supported earlier in the week following unconfirmed reports that a near-£600m US bid for its hotel division had been rejected, Grand Metropolitan attracted renewed interest and closed 5 to the good at 408p, after 410p.

JSD Comp. up on bid

News of the recommended offer from Hestair left JSD Computer 10 higher at 165p; Hestair, the subject of persistent bid rumours recently, touched 180p before moving ahead on buying which continued into the late dealings and subsequently settled 13 up on the day at 203p. Scott Greenhalgh, reflecting Press mention, put on 4 to 131p, while speculative activity continued in Thomas Marshall (Loxley) which advanced afresh to 115p before closing 8 higher on balance at 112p. Late support lifted British Aerospace 10 to 530p, but profit-taking clipped 10 from Pentland Industries at 875p. News of the bid approach directed buyers' attention to Eleco which settled a shade below the best with a gain of 23 at 140p. Demand revived for Suter, up 11 at 234p, but BBA were unsettled by a Press report that the company had lost a major contract to supply the National Coal Board with belting equipment. AAH, still reflecting recent Press mention, put on 10 to 252p. Halma continued to attract buyers and rose 7 further to 280p. Leading miscellaneous industrials ended the day on a distinctly firm note, gains of around 7 being recorded in BOC, 315p, BTR, 325p, and Beecham, 396p.

Television issues remained in demand ahead of the forthcoming Thames flotation. TV South advanced 10 to 250p and Ulster "A" added 5 at 135p. Elsewhere, Riley Leisure moved up 3 to 49p following revived speculative support and First Leisure closed 8 dearer at 370p; the latter's interim results are scheduled for July 18.

AE, supported recently amid persistent takeover speculation, improved sharply as the board rejected the shares and cash offer from Turner and Newall as "unsolicited, unwelcome and wholly inadequate." AE closed 57 dearer at 239p, well above the offer terms, with GKN, Hawker Siddeley and General Motors all mentioned as possible counter-bidders. Turner and Newall fell 9 to 227p, after 224p. The development directed speculative support to other Motor Components, notably Armstrong Equipment, 132p, and Lucas, 583p, up 12 and 8 respectively.

Elsewhere in Motors, BL advanced 8 more to 54p in an extremely narrow market, with dealers attributing the rise to option business. Among Distributors, Western Motor improved 15 more to 168p, also in a thin market, as investors continued to adopt a favourable outlook awaiting the imminent property revaluation. Caffyns rallied 8 to 273p, but sellers held sway in Appleyard, finally 17 off at 145p.

Revived buying of leading Properties saw Land Securities 10 higher at 333p, and MEPC 5 dearer at 347p by the close. Daejan jumped 45 to 700p following speculative support, while improvement of around 5 were seen in Hammerson "A" 435p, London and Edinburgh, 765p, and Samuel, 262p. Abaco Investments softened a couple of pence, but still retained a gain of 15 on the week at 66p following the group's further expansion move via the acquisition of insurance loss adjusters, Toplis and Harding.

Textiles were mixed. Further consideration of the preliminary figures clipped a few pence from Dawson International at 254p, while Hicking Pentecost eased the turn to 49p despite the annual profits recovery. Sekers International, still reacting to "take-profits" advice, dipped 3 for a fall of 15 to 115p. In contrast, Press mention lifted Harold Ingram 10 to 160p, while renewed speculative interest prompted fresh rises for Lister, 4 up at 88p, and Towles A, 5 dearer at 103p.

Burham higher

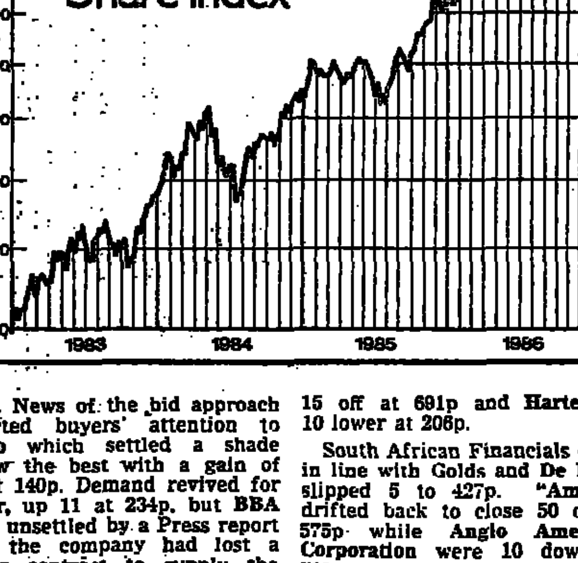
Turnover in the leading oils was again negligible with dealers awaiting the first news from next Wednesday's meeting of Opec members in Brioni. Burmah, however, continued to attract substantial buying interest reflecting the company's recent sale of its oil and gas exploration interests and its chemicals; the shares rose 6 more to a year's best of 388p — a week's gain of 26.

South African sectors of mining markets lost further ground as the Financial Rand continued to ease in thin trading conditions. The South African currency, which staged a strong rally early in the week following the highly effective news blackout in the Republic, dipped to around 22.5 cents, compared with 23 cents ruling last Friday and the quotation of 25 cents during Monday. Sentiment in both the Financial Rand market and Gold shares remained highly sensitive to political developments. Dealers reported considerable unease by share traders following moves by the US House of Representatives to approve the harshest possible economic sanctions against South Africa. Business in Golds, boosted during the early part of the week by substantial bear closing purchases, fell away to minimal levels and prices did little more than drift easier. The Gold Mines index gave up 3.9 more to 213.8 — a two-day fall of 7.1 —but remained 19.8 higher over the week.

Movements in the leading Golds were generally of a minor nature but Vaal Reefs encountered profit-taking and lost a full point to £36, while cheaper priced issues showed St Helena 15 off at 691p and Hartebeest 10 lower at 206p.

South African Financials eased in line with Golds and De Beers slipped 5 to 427p. "Amcoal" drifted back to close 50 off at 575p while Anglo American Corporation were 10 down at 710p.

London-domiciled Financials, boosted in mid-week by the brief return of confidence in South African sectors, turned easier. Rio Tinto-Zinc bore the brunt of a substantial flurry of selling pressure triggered by talk of a leading broker's "sell" circular and dropped 20 to 610p, while Consolidated Gold Fields gave up 5 to 425p.



Traded Options

Demand for Traded Options continued to improve with 18,870 contracts struck — the highest total so far this month. Business was well distributed across those stocks in issue with Hanson Trust again to the fore with 1,878 calls and 983 puts transacted.

TRADITIONAL OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
June 23	July 4	Sept 25	Oct 6
July 7	July 18	Oct 9	Oct 20
July 21	Aug 1	Oct 23	Nov 3

For rate indications see end of Unit Trust Service

Stocks favoured for the call included Next, Polly Peck, Ryan Hotels, Riley Leisure, Valor, Metal Closures, West Coast, Raine Industries, BSR, Arthur Lee, Trusthouse Forte, Amstrad, Pavlon, C. E. Heath, Ecobric, Ryan International, Lonrho; Bejam, Keep Trust, Apricot Computers, Abaco Investments, Chloride and Charterhall. No puts were reported, but double options were taken out in Raine Industries and Polly Peck.

STOCK EXCHANGE DEALINGS

Details of business done below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission. Details relate to those securities not included in the FT Share Information services. Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices. For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the three previous days is given with the relevant date.

‡ Bargains at special prices. ♦ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

STERLING ISSUES BY FOREIGN GOVERNMENTS AND INTERNATIONAL INSTITUTIONS

CORPORATION & COUNTY

UK PUBLIC BOARDS

COMMONWEALTH GOVT.

FOREIGN STOCKS (coupons payable in London)

STERLING ISSUES BY OVERSEAS BORROWERS

BANKS, DISCOUNT

BREWERIES

COMMERCIAL, INDUSTRIAL

A—B

Babcock Intl 5pc2ndPf (£1) 40. 4pcPf (£1) 38 (16/6)
Bailey (C. H.) B (10p) 170♦ 36
Baker Perkins 7pcPf (£1) 62 (18/6)
Banro Industs New 180 (18/6)
Bardsey Wts Pfd 3½ (18/6)
Barham Grp (2½p) 150 2
Barker Dobson Grp 6¼pcLn 1990-95 £70 (18/6)
Barker (C.) (5p) 148 50 3. New (5p) 148 50
Barlow Rand Pfd (R0.10) 275 (18/6)
Barr Wallace Arnold Tst 1♦0 2 (17/6)
Beazer (C. H.) Hldgs 8¼pcLn 2000 £164
Beecham Grp 8½pcLn 1984-96 £93½
Berni Host Grp 7¼pc1stDb 1986-91 £83 (16/6)

C—D

E—F

G—H

I—K

Intnl Bus Mach Corp Cap ($1.25) £95¼ 6¼ (18/6)
Intnl Leisure Gp 7¼pcPf (£1) 105 6 7
Intnl Paint 8¼pcLn 1990-95 £86½ (18/6)
Intnl Stand Elect Corp 5½pcLn 1979-89 £88 (13/6)
Ipeco Hldgs (10p) 104

Johnson Firth Brown 11.05pcPf (£1) 146 (17/6). 11pcLn 1993-98 £91
Johnson Matthey 8pcPf (£1) 315 38 40 3 5 50. 8½pcDb 1985-95 £84 6 (17/6)
Johnston Gp 10pcPf (£1) 118 (16/6)
Jones Stroud (Hldgs) 10pcPf (£1) 126 (17/6)
Jourdan (Thomas) New (10p) (FP) 114 7 13/64ths (18/6)

L—M

N—P

Q—R

S

T—U

V—Y—Z

FINANCIAL TRUSTS

INSURANCE

INVESTMENT TRUSTS

UNIT TRUSTS

MINES—MISCELLANEOUS

MINES—SOUTH AFRICAN

OIL

PROPERTY

PLANTATIONS

RAILWAYS

Calgary Edmonton 4pcDb 2002 £36 (18/6)
Canadian Pacific £8¼♦. 4pcDn £39
Fishguard Rosslare 3½pcPf £28 9 (18/6)

SHIPPING

Common Bros (50p) 8 9. A (1p) 6½
P and O Steam Nav 5pcPfd £48½. Wts

UTILITIES

WATERWORKS

UNLISTED SECURITIES MARKET

SPECIAL LIST

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

AOG Minerals A$.098♦
Aberfoyle 325

Nicron Resources 9 (18/6)
North Flinders Mines 195 200
Ocean Resources 16 (16/6)
Oil Search 12¼♦ 12½ ¾
Oilmet Resources 35
Pan Am Corp 400♦ (16/6)
Paragon Resources 18♦
Pepsico Inc US$34½♦ (17/6)
Philip Morris Inc £44½ (17/6)
Pioneer Concrete Services 125♦ (17/6)
Pioneer Sugar Mills 70♦ (17/6)

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

De Gruchy (Abraham) 900 (13/6)
Difay Titanine £4.935882 (13/6)
Greenstar Hotels (10p) 34½
Guernsey Press (£1) 700
Hard Rock Cafe (2p) 81
Hugin (10p) 240
ICE (1p) 700 10 (18/6)
Island Garages (10p) 22½
Jennings Bros 185 90
Kays Atlas Brewery 5pcPf (£10) 300 50
Kunick Leisure (10p) 24½ 5 6
Le Riches Stores (£1) 575 (13/6)
Lovat Oil and Gas (20p) 3¼ (18/6)
Manx and Overseas Inv Tst (10p) 12 (13/6)
Merrett (10p) 271 3 (13/6)
Oldham Brewery 6pcLn 1987-91 £58pc 60pc (13/6)
Oldham Ests (50p) 95 ½ 6 (13/6)
Oodles (10p) 19 20 ½ (18/6)
Publishing Hldgs (5p) 15½ 7 (18/6)
Shepherd Neame (£1) 615 20
Southern Newspapers (£1) 220 5
Utd Tst and Credit (£1) 400 2 (16/6)
Wadworth 10pcPf (£1) 117½ 8
Weetabix A (Non-Vtg) 155 60 (17/6)
Wistech (1p) 14 5 ½ 6

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

(None)

(By permission of The Stock Exchange Council)

FINANCIAL TIMES STOCK INDICES

	June 20	June 19	June 18	June 17	June 16	year ago	1986 High	1986 Low	Since Compilation High	Since Compilation Low
Government Secs	90.32	90.47	90.63	91.03	91.31	81.96	94.51 (18/4)	80.39 (20/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.43	96.61	96.56	96.65	96.84	86.72	97.51 (22/4)	86.55 (29/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1353.4	1350.0	1340.1	1326.0	1318.6	963.2	1425.9 (3/4)	1094.3 (14/1)	1425.9 (3/4/86)	49.4 (26/6/40)
Gold Mines	213.8	216.7	220.9	207.0	196.2	440.6	357.0 (27/1)	192.3 (12/6)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.08	4.08	4.11	4.14	4.15	4.81				
Earnings Yld.%(full)	9.81	9.84	9.90	9.981	10.01	12.06				
P/E Ratio (net) (*)	12.41	12.36	12.29	12.19	12.15	10.13				
Total Bargains (Est)	23,574	25,654	24,531	24,834	24,958	23,524				
Equity Turnover £m.	—	671.61	548.40	628.50	469.69	339.34				
Equity Bargains	—	22,828	22,318	22,831	23,951	24,929				
Shares Traded (ml).	—	281.1	242.2	285.9	222.7	177.2				

S.E. ACTIVITY

Indices	June 19	June 18
Gilt Edged Bargains	120.5	124.6
Equity Bargains	147.9	144.6
Equity Value	1,357.5	1,108.5
5-Day Average		
Gilt Edged Bargains	128.5	136.3
Equity Bargains	154.7	158.2
Equity Value	1,159.3	1,119.3

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1349.1	1351.2	1352.3	1352.0	1352.6	1352.5	1351.7	1352.7

Day's High 1353.4. Day's Low 1348.6

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974 *Nil=11.97.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

NEW HIGHS AND LOWS FOR 1986

NEW HIGHS (102)

AMERICANS (10), CANADIANS (1), BANK (3), BREWERS (1), BUILDINGS (10), STORES (3), ELECTRICALS (8), ENGINEERING (2), FOODS (3), INDUSTRIALS (18), INSURANCE (1), LEISURE (4), MOTORS (4), NEWSPAPERS (2), PAPER (4), PROPERTY (9), TEXTILES (3), TRUSTS (15), OILS (2), MINES (1).

NEW LOWS (20)

BRITISH FUNDS (2) Conversion 10pc 1996, Conversion 9¾pc 2006. INT'L BANK AND O'SEAS GOVT STLG ISSUES (1) Mexico 16½pc 2008. AMERICANS (4) Allied Signal, Data General, Merrill Lynch, PHH. CANADIANS (1) Breakwater Resources. BANKS (1) Copenhagen Handelsbank. ELECTRICALS (1) Farnell Electronics. INDUSTRIALS (4) Bibby (J.), Grovebell Group, Ovenstone Invs, TSL Thermal Syndicate. INSURANCE (1) Heath (C. E.). TRUSTS (2) Jersey General, Intl Inv Trust Jersey. MINES (3) De Beers 40pc Prf, Rand Mines, Rand Mines Props.

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change	Stock	Closing price	Day's change
AE	239	+57	Next	262	+ 8
Barham	157	+ 6	Prudential	848	+16
Beecham	396	+ 8	Renold	78	− 8
Crowther (J.)	165	+ 9	Sound Diffusion	39	—
Glaxo	£10⅞	—	Standard Chartered	807	+ 2
Hestair	203	+13	Turner and Newall	227	− 9

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List

Stock	No. of changes	Thurs. close	Day's change	Stock	No. of changes	Thurs. close	Day's change
NatWest Bank†	18	303pm	+13	Prudential New	14	830	+20
Jhnsn Matthey	17	205	+17	Jaguar	13	533	+ 8
Lee Arthur)	17	71	− 5	Sainsbury (J.)	13	382	+10
McKechnie Bros	16	286	+ 3	Beecham	11	388	—
Brit Telecom	14	234	+ 2	DRG	11	306	+ 2
Cable & Wire	14	680	+10	Lloyds Bank	11	382	+ 4

† Nil-paid.

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday

Stock	No. of changes	Thurs. close	Change on week	Stock	No. of changes	Thurs. close	Change on week
NatWest Bank†	138	303pm	+43	Brit Telecom	85	234	+12
ICI	100	954	+36	Prudential New	80	830	+77
Cable & Wire	98	680	+25	Apricot Comps	76	54	−31
Pentland Inds	92	885	+60	Guinness	75	320	+22
Beecham	91	388xd	+ 2	Amstrad	73	116xc	—
Standard Chart	88	805	+20	Grand Met	73	403	+ 8

† Nil-paid.

RISES AND FALLS YESTERDAY

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	7	85	20	99	383	78
Corporations, Dom. and Foreign Bonds	6	29	37	60	93	198
Industrials	296	205	995	1,794	1,071	4,616
Financial and Properties	140	95	342	748	321	1,816
Oils	18	11	90	91	70	434
Plantations	4	1	10	13	8	54
Mines	29	46	107	222	155	533
Others	52	76	116	350	276	664
Totals	561	548	1,717	3,377	2,377	8,293

LEADERS AND LAGGARDS

Percentage changes since December 31 1985, based on Thursday June 19 1986

Metals and Metal Forming	+49.28	Chemicals	+19.87
Motors	+48.35	Insurance (Composite)	+19.23
Textiles	+41.48	500 Share Index	+18.30
Publishing and Printing	+35.36	All-Share Index	+17.61
Packaging and Paper	+31.75	Food Manufacturing	+16.40
Contracting, Construction	+31.56	Banks	+16.27
Health and H'sehold Products	+30.51	Property	+16.17
Merchant Banks	+30.01	Investment Trusts	+16.17
Other Industrial Materials	+29.89	Financial Group	+15.18
Capital Goods	+29.99	Stores	+14.40
Electricals	+27.95	Mining Finance	+13.94
Mechanical Engineering	+26.33	Overseas Traders	+13.16
Building Materials	+25.88	Other Groups	+11.75
Electronics	+21.61	Shipping and Transport	+ 9.73
Office Equipment	+21.53	Insurance (Life)	+ 8.31
Leisure	+20.59	Oils and Gas	+ 5.84
Tobaccos	+20.37	Food Retailings	+ 4.71
Brewers and Distillers	+20.35	Telephone Networks	+ 3.26
Consumer Group	+19.91	Insurance Brokers	+ 0.61
Industrial Group	+19.96	Gold Mines Index	−13.25

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price p	+ or −	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
§125	F.P.	24/7	141	136	§Accord Publications 5p	141	+1	Rd5.1	2.6	5.1	17.8
150	F.P.	30/6	151	138	Alumasc Group	150	.....	R5.85	2.5	5.5	10.4
§130	F.P.	13/6	135	116	§Antler 5p	116	−1	u3.0	2.4	3.6	16.4
115	F.P.	11/7	180	155	Arlington Sec. 10p	180	.....	b1.7	4.3	1.3	24.7
150	F.P.	20/6	161	148	Barker (Charles) 5p	158	.....	u3.0	3.1	2.8	16.3
147	F.P.	4/7	140	130	Blick 5p	140	.....	R3.4	3.1	3.4	13.4
145	F.P.	25/7	175	160	Bredero Props	163	.....	R4.25	2.3	3.7	13.8
§60	F.P.	20/6	63½	54	‡Brit. Isl. Airways 10p	58	+2	bd2.82	2.1	6.9	8.1
§110	F.P.	—	115	108	‡C'bell & Armstrong 5p	110	−5	u3.91	1.9	5.0	14.0
§130	F.P.	4/7	167	150	§Clarke Hooper 5p	150	.....	b2.3	2.9	2.2	22.5
§125	F.P.	6/6	138	123	Comb. Lease Fin. 50p	130	.....	L3.35	3.9	1.5	18.7
107	F.P.	27/6	131	113	Dalepak Foods 5p	125	−1	R2.3	3.2	2.6	17.0
§155	F.P.	6/6	232	172	§Davies (D.Y.) 5p	236	.....	u3.4	2.7	2.2	23.3
§50	F.P.	11/6	62	50	§Dean & Bowes 5p	62	.....	L2.5	1.5	5.7	14.7
§130	F.P.	6/6	151	133	§Debfor 10p	136	−1	u4.0	2.7	4.1	12.8
§58	F.P.	4/7	63	59	Denistron Intl 5p	65	.....	U1.65	2.1	3.7	16.1
§39	F.P.	27/6	42	32	§Eadie	42	.....	R1.75	2.0	5.9	10.1
120	F.P.	17/7	123	111	Evans Halshaw	123	.....	u3.38	3.1	6.6	8.1
140	F.P.	4/7	130	120	§Fields(Mrs) Inc$0.05	120	.....	RQ4.5c	2.6	2.6	15.2
—	—	—	35	27	German Secs. Warrts	32	.....	—	—	—	—
150	F.P.	—	155	150	Gabriel Corp	152	−2	U5.3	2.2	4.9	9.7
140	F.P.	20/6	150	141	Haggas (John) 10p	143	.....	u3.8	3.2	3.0	14.8
§85	F.P.	—	93	90	§Hodgson Hldgs 5p	91	.....	R2.13	2.3	3.3	16.5
120	F.P.	30/5	130	110	Ipeco Hldgs 10p	111	+1	g2.7	3.3	3.4	12.6
104	F.P.	—	118	90	Jurys Hotel	106	+4	u3.75	2.1	5.0	13.7
§70	F.P.	14/5	93	80	§Lodge Care	82	.....	u2.0	2.4	3.4	17.1
145	F.P.	16/7	130	125	Lopex 5p	130	.....	R4.0	2.3	4.3	13.9
‖‖	F.P.	—	62	49	Merlin Int'l Props	55	.....	a0.58	2.0	1.5	40.7
157	F.P.	26/6	157	145	§Monotype Corpn 10p	154	.....	R4.4	1.6	4.0	15.3
165	F.P.	18/6	190	170	P-E International 10p	180	.....	1.8	3.4	1.4	29.0
§100	F.P.	27/6	105	103	§Savage Group 20p	103	−2	R3.0	2.5	4.1	13.6
**	F.P.	6/6	725	550	Schroders £1 N/V	725	+15	10.75	—	2.1	—
—	F.P.	—	43	43	Smith Newcourt War'ts	43	.....	—	—	—	—
§40	F.P.	—	42	38	§Soundtracs 5p	40	+2	61.2	2.8	4.2	11.9
§72	F.P.	13/6	74	70	§Splash Prods. 10p	70	.....	u3.27	1.6	6.6	13.6
§95	F.P.	—	110	107	§Task Force 5p	107	−1	R1.78	3.8	2.3	15.8
§140	F.P.	6/6	141	117	Tech. Project Ser. 10p	115	.....	u2.49	3.2	3.1	14.6
112	F.P.	—	121	116	Tenby 50p	120	−1	u4.0	2.6	4.7	9.3
§100	F.P.	29/6	102	91	§Usher (Frank) 5p	91	−1	u4.5	1.9	7.0	10.9
145	F.P.	20/6	161	150	Westbury 10p	161	.....	R4.1	3.1	3.6	12.8
§110	F.P.	26/6	147	123	Worcester 10p	147	+1	u3.91	2.2	3.7	14.5

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price £	+ or −
‖	NR	—	11pm	7pm	Amari 8% Cnv. Conv. Red. Pref.	7pm	−1
§99.50	£10	28/8	9¼	9	Bristol Water 9.8% Red Deb '96	9	.....
§99.256	£30	29/8	30½	27½	Brit. Alcan Aluminium 10⅞% Deb. 2011	27¾	−½
¶¶	F.P.		99½	97	Brit. Emp. Secs. 10⅞% Deb. 2011	97½	.....
§94.203	£25	31/10	25⅝	23⅝	Brixton Est. 9.5% 1st Mort Deb 2026	23⅝	−½
100	£10	14/8	10¼	8¼	Cambridge Water 10% Red Deb '96-98	8¾	.....

[illegible]

"RIGHTS" OFFERS

[illegible]

EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS: 28,348

A=Ask B=Bid C=Call P=Put

BANK RETURN

BANKING DEPARTMENT

	Wednesday June 18, 1986		Increase (+) or decrease (−) for week
LIABILITIES	£		£
Capital	14,553,000		—
Public Deposits	78,621,144	+	2,294,428
Bankers Deposits	883,757,195	−	41,003,496
Reserve and other Accounts	1,357,155,549	+	18,564,056
	2,334,086,888	−	20,145,012
ASSETS			
Government Securities	515,619,682	+	47,833,750
Advance and other Accounts	693,625,816	−	237,896,528
Premises Equipment & other Secs.	1,116,242,505	+	174,175,660
Notes	8,305,445	−	4,262,090
Coin	293,440	+	4,196
	2,334,086,888	−	20,145,012

ISSUE DEPARTMENT

	£		£
LIABILITIES			
Notes in circulation	12,311,694,555	+	14,262,090
Notes in Banking Department	8,305,445	−	4,262,090
	12,320,000,000	+	10,000,000
ASSETS			
Government Debt	11,015,100		—
Other Government Securities	5,499,245,699	+	184,790,802
Other Securities	6,869,739,201	−	174,790,802
	12,320,000,000	+	10,000,000

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

AUTHORISED UNIT TRUSTS & INSURANCES

Wardley Unit Trust Managers Ltd (a)

Waverley Asset Management Ltd (a) (c) (g)

Westdown Unit Trust Managers Ltd(a)(c)

Whittingdale Unit Trust Managers

Windsor Trust Mngrs Ltd

Wright Seligman Fund Managers Ltd

The Yorkshire General Trust

INSURANCES

AA Friendly Society

Abbey Life Assurance Co Ltd

Aetna Life Insurance Co Ltd

Albany Life Assurance Co Ltd

Allied Dunbar Assurance Plc

Ambassador Life Ass. Co. Ltd.

American Life Insurance Co UK

Baltic Assurance Funds

Barclays Life Assur. Co Ltd

Black Horse Life Ass. Co Ltd

British National Life Assurance Co Ltd

Canada Life Group

Cannon Assurance Ltd

Cannon Assurance Ltd—Continued

City of Edinburgh Life Assurance

City of Westminster Assurance

Clerical Medical/Fidelity International

Clerical Medical Managed Funds Ltd

Colonial Mutual Group

Commercial Union Group

Continental Life Insurance PLC

Cornhill Insurance PLC

Credit & Commerce Life Ass. Ltd

Criterion Assurance Group

Crown Financial Management Ltd

Crusader Insurance Plc

Crusader Life

Eagle Star Insur/Midland Assur.

Equitable Life Assurance Society

Equity & Law

Family Assurance Society

Federation Mutual Insurance Ltd

Framlington Life Insurance Ltd

Friends' Provident Life Office

GT Management Ltd

General Accident Linked Life Assurance

General Portfolio Life Ins. Plc

Growth & Sec. Life Ass. Soc. Ltd

Guardian Royal Exchange

Hearts of Oak Benefit Society

Hill Samuel Life Assur. Ltd

Imperial Life Ass. Co of Canada

Irish Life Assurance Co Plc

The LAS Group

Assicurazioni GENERALI SpA

Langham Life Assur. Co Ltd

Legal & General (Unit Assur) Ltd

Legal & General Prop. Fd. Mgrs. Ltd

Liberty Life Assurance Co Ltd

London Life

London & Manchester Group

M & G Group

MGM Assurance

Manufacturers Life Insurance Co (UK)

Merchant Investors Assurance

Municipal Life Assurance Ltd

NEL Britannia Assur Co Ltd

NEL Pensions Ltd

National Mutual Life

National Mutual of Australasia

National Provident Institution

Norwich Union Asset Management Ltd

Norwich Union Life Insurance Soc.

Pearl Assurance (Unit Funds) Ltd

Phoenix Assurance Co Ltd

Pioneer Mutual Insurance Co Ltd

Premium Life Assurance Co Ltd

Property Equity & Life Ass. Co

Property Growth Assur Co Ltd

Providence Capital Life Assc. Co Ltd

Provident Life Assoc. Ltd

Provident Mutual Life Assc. Assn.

Provincial Life Assurance Co Ltd

Prudential Assurance Co

Prudential Pensions Limited

Regency Life Assurance Co Ltd

Reliance Mutual

Royal Heritage Life Assurance Ltd

Royal Life Insurance Ltd

Save & Prosper Group

Schroder Life Assurance Ltd

Scottish Amicable Investments

Scottish Equitable Life Assce. Soc.

Scottish Life Investments

Scottish Mutual Assurance Society

Scottish Mutual Investments

Scottish Provident Institution

Scottish Widows' Group

Sentinel Life plc

Skandia Life Assurance Co Ltd

INSURANCE, OVERSEAS & MONEY FUNDS

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

Scrimgeour Kemp-Gee Mngmt., Jersey
1 Charing Cross, St Helier, Jersey 0534 73741

SKG Capital Fund	478.9	441.9	.....	5.27
SKG Income Fund	91.9	86.5	.....	—
Gilt Bond	202.4	213.1	.....	—

Securities Selection Ltd
Bermuda House, St Peter Port, Guernsey 0481 26268

Forexlend	$57.74	8.14	.....	—

Sentry Assurance International Ltd
PO Box 1776, Hamilton 5, Bermuda 55303
For Funds/Prices Phone UK 0527 41454

Seoul International Trust
Fund Man: Korea Invest Trust Co Ltd
c/o Vickers da Costa Ltd, King William Street, London, EC4 01-623 2494
NAV Won 14,860.79. IDR value US$16,690.02.

Seven Arrows Fund NVQ
62 de Ruyterkade, Curacao, Netherlands Antilles

Nav June 12	$927.50		.....	—

Singer & Friedlander Ldn. Agents
21 New St, Bishopsgate, EC2M 4HR 01-623 3000

Tokyo Tst June 2	$12.00		.....	1.30

Skandifond International Ltd
PO Box 44, Guernsey, CI 0481 27111

International Inc.	$8.70	9.30	.....	0.58
International Acc.	$8.83	9.45	.....	0.58
Income Bond Fd.	$6.03	6.26	.....	5.15
Accum Bond Fd.	$6.02	6.27	.....	5.15

Societe Generale Merchant Bank plc
60 Gracechurch St, London EC3V 0ET 01-626 4621

Fr Second Marche Gwth.	FFr10.524	10.944	.....

Standard Bank Fund Managers
119 Cannon St 01-0990 26048 Anthony Wagg

Gold Fund	0.329	0.258	.....	12.43
Mutual Fund	0.663	0.699	.....	12.22
Extra Income Fd	00.122	0.124	.....	25.98

Standard Chartered Off. Money Mkt Fund

World Wide Growth Management
10a, Boulevard Royal, Luxembourg
Inv. Adv.: M. & G. Inv. Mngt., Ltd, London

Yasuda Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$15.98	.....	—
Dynamic Gwth Fd	$17.90	.....	—

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey 0481 26268

Zero Bond Fund	$11.65	12.35	.....	—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 2 Fore Street, London EC2Y 5AQ 01-528 1815				
Deposit	9.60		—0.10	5-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fund	9.77	7.31	10.65	Mth
7-day Fnd	10.01	7.45	10.90	Mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE 01-236 1425				
Call Fnd	9.40	7.05	10.07	6-Mth
7-day Fund	9.62	7.19	10.31	6-Mth
Dollar	5.8			6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq, Edinburgh EH2 4DF 031-225 8484				
Full Service Chq Acc	9.25	6.89	9.82	Qtr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	9.25	6.91	9.59	Qtr
Mtn. Int. Chq.	9.25	6.91	10.00	Mth
Allied Arab Bank Ltd 97-101 Cannon St, London, EC4N 5AD 01-283 9111				

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. φ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	23	Marks & Spencer	18
BAT	38	Midland Bk	44
BOC Grp	32	NEI	11
BSR	14	Nat West Bk	70
BTR	45	P & O Dfd	45
Babcock	20	Plessey	20
Barclays	45	Polly Peck	16
Beecham	32	Racal Elect	17
Blue Circle	55	RHM	20
Boots	26	Rank Org Ord	48
Bowaters	30	Reed Intnl	75
Brit Aerospace	48	Sears	12
Brit. Telecom	17	TI	42
Brown (J.)	3	Tesco	30
Burton Grd	32	Thorn EMI	35
Cadburys	17	Trust Houses	12
Charter Cons	22	Turner Newall	18
Comm Union	28	Unilever	125
Courtaulds	26	Vickers	42
Distillers	52	Wellcome	19
FNFC	15	**Property**	
Gen Accident	75	Brit Land	16
Gen Electric	17	Land Secs	30
Glaxo	100	MEPC	32
Grand Met	34	Peachey	24
GUS 'A'	75	Samuel Props	18
Guardian	75	**Oils**	
GKN	32	Brit. Oil & Min.	$2\frac{1}{2}$
Hanson Tst	15	Brit Petroleum	48
Hawker Sidd	52	Burmah Oil	30
ICI	50	Charterhall	3
'Imps'	28	Premier	$3\frac{1}{2}$
Jaguar	27	Shell	55
Ladbroke	32	Tricentrol	15
Legal & Gen	79	Ultramar	18
Lex Service	38	**Mines**	
Lloyds Bank	55	Cons Gold	40
Lucas Inds	60	Lonrho	25
		Rio T Zinc	58

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (a) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for October 1985: 377.1 and for May 1986: 386.0.

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Cont.

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

For Aurora Steel Industries see ...

[illegible]

For Lanson Hldgs see Textiles

[illegible]

مطابق للأصل

INDUSTRIALS—Continued

INSURANCES

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
102	70	Greenwich Res	97	−3	—	—	—
157	93	Hampton Areas 10p	156	......	ϕ1.0	—	0.9
250	165	Highwood Res	238	+13	—	—	—
£19⅝	£13⅞	Homestake Mining $1	£14½	−⅛	Q20c	—	0.9
310	175	McFinley Red Lake	285	+5	—	—	—
285	195	Musto Explorations	225	......	—	—	—
51	33	New Sabina Res C$1	35	−2	—	—	—
260	207	Northgate C$1	232	......	—	—	—
790	513	RTZ	610	−20	22.0	2.8	5.1
£164	£135	Do. 9¾pcLn '95-2000	£157½	......	Q9¾%	15.5	17.1
950	500	Tara Expln $1	875	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¢¢ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −
Albany Inv 20p	118	......
Craig & Rose £1	£13 [?]	......
Finlay Pkg. 5p	43	......
Holt (Jos) 25p	810	......
IoM Sun. £1	87	......
IRISH		
Fund 11¾% 1988	£103¾ [?]	......
Nat. 9¾% 84/89	£101⅞ [?]	......
Fin. 13% 97/02	£121½ [?]	......
Arnotts	322	......
CPI Hldgs	45	......
Carroll Inds.	146	+1
Dublin Gas	53	......
Hall (R. & H.)	75	......
Helton Hldgs.	29	......
Irish Ropes	107	+2
Unidare	190	......

"Recent Issues" and "Rights" Page 15

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £875 per annum for each security.

FINANCIAL TIMES

Saturday June 21 1986

Morgan Grenfell in share offering

By Nick Bunker

MORGAN GRENFELL, the banking and securities group, comes to the stock market for the first time next week boosted by a change in its reporting conventions which discloses a sharp rise on its earlier published pre-tax profits.

It is seeking to finance expansion of its fast-growing securities operations in the run-up to October's Big Bang stock market reforms. Next week's tender offer of 32m ordinary shares is intended to raise at least £131m on the basis of a minimum share price of 425p.

This would lift the group's total capitalisation to at least £640m, according to Cazenove, the London stockbroking firm sponsoring and underwriting the issue in conjunction with the group's own subsidiary, Morgan Grenfell Securities.

Rare move

In addition to the share offer, which represents 21.2 per cent of Morgan Grenfell's issued share capital, the group also hopes to raise $200m (£133.3m) in new loan capital at some time over the next two years.

In a move still rare among UK merchant banks, the offer prospectus published yesterday quoted pre-tax earnings for the past five years without subtracting transfers to hidden reserves.

Morgan Grenfell said its pre-tax profits rose from £33.8m in 1983 to £46.4m in 1984 and £68.9m last year. Its earlier annual report for 1985 had shown figures of only £27.7m, £38.8m and £54.5m, calculated on the old basis.

Profits rise

Morgan Grenfell's prospectus forecasts a rise in its pre-tax profit in the half-year ended June 30, 1986, to not less than £45m, but is not making a full-year forecast.

Its fuller disclosure of earnings helped prompt a more general 2 to 5 per cent stock market upwards rerating yesterday of merchant bank share prices in expectation of higher profits generally in the sector.

Mr Christopher Reeves, group chief executive, acknowledged yesterday that the most recent rise in profits was largely due to Morgan Grenfell's corporate finance activity on behalf of Guinness in its bid for Distillers and United Biscuits in its unsuccessful proposal to merge with Imperial Group.

Staff shares

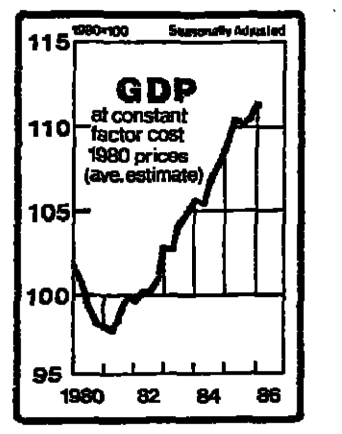
"It cannot be assumed that corporate finance transactions of similar value will arise in the second half," Morgan Grenfell said.

The offer's application list will open at 10 am next Thursday. Letters of acceptance will be posted on July 2 and dealing is expected to start on July 3.

Morgan Grenfell employees own about 10 per cent of its existing share capital, and 10 per cent of the new issue has been reserved for staff holdings. The largest other shareholder is Willis Faber, the insurance broker.

Lawson forecasts economic upturn

BY GEORGE GRAHAM



ECONOMIC GROWTH this year is likely to undershoot earlier government forecasts, but the lull in activity will soon come to an end, Mr Nigel Lawson, the Chancellor of the Exchequer, said yesterday.

He told the Welsh Conservative Party conference at Porthcawl that the UK, like other major economies, had experienced "a pause in the remarkable growth it has enjoyed since the trough of the world recession." There was every reason to believe that the pause would soon be over, both in the UK and overseas.

Although inflation might be slightly lower than he had predicted in his Budget in March, Mr Lawson said, economic growth might also be slightly lower than the 3 per cent he projected then. The prospects for output in 1987 looked much better now than at the time of the Budget.

Figures for economic growth in the first quarter, published yesterday by the Central Statistical Office, painted a more optimistic picture of activity than was apparent from earlier statistics.

The average measure of gross domestic product, the total output of goods and services, rose in the first quarter by 0.7 per cent from the previous quarter, to stand 2½ per cent higher than in the same period of 1985.

Coupled with evidence earlier in the week of an upturn in industrial production, the statistics are interpreted by officials as showing a resumption of growth after the downturn in mid-1985.

The statistical office publishes three measures of GDP based respectively on output, expenditure and income. They should in theory show the same rate of growth, but have in practice often diverged.

The output measure, generally regarded as the most reliable indicator of short-term trends, shows a much lower rate of growth at present. It rose by 0.2 per cent in the first quarter to 2.1 per cent higher than in the same quarter of 1985.

The expenditure measure of GDP recorded a rise of 1.2 per cent in the quarter to show annual growth of 2.9 per cent, while the income measure rose 0.6 per cent to show annual growth of 2.3 per cent.

More detailed statistics on output show that much of the upturn in the first quarter was due to buoyant oil and gas production.

If oil and gas are excluded, the output measure of GDP fell slightly in the first quarter. After adjusting for the effects of the coal strike last year, it stood only 1.2 per cent higher than a year earlier.

Consumer spending, which the Government expects to be the main engine of economic growth this year, was strong in the first quarter. It was nearly 1 per cent higher than in the previous three months and 4½ per cent higher than in the same period of 1985.

Fixed investment was strong, as companies brought forward spending plans to take advantage of the capital allowances available to them before these were abolished earlier this year. This effect was not as strong as in 1985.

The index of total home costs, or GDP deflater, which gives a broader measure of price increases for the whole economy than the retail price index, showed a rise of 0.7 per cent in the first quarter. It was 5.2 per cent higher than a year earlier.

Several forecasters have already lowered estimates of 1986 growth and raised their 1987 predictions as it became clear that the effects of lower oil prices on output were taking some time to materialise.

Officials believe that in the light of new figures, some of these 1986 forecasts, which in many cases show growth lower than 2 per cent this year, may be too low.

Interpreting the signals, Page 6

GMBU offers labour relations package

BY PHILIP BASSETT, LABOUR EDITOR

LEADERS of the General, Municipal and Boilermakers' Union, which claims to be Britain's second largest, yesterday unveiled a set of industrial relations proposals that make up another of the radical responses from some UK unions to changes in the labour market.

One of the package's most remarkable features is an attempt to offer the union's services on a consultancy basis to high technology companies whose staff are at full stretch.

The proposals are an extension of the approach to companies, pioneered by the electricians' union EETPU, and aimed at increasing union membership in sectors which have proved difficult to organise but where employment is growing.

The GMBU proposals are a modification of the EETPU's strike-free package. They remove from it some of the elements which have proved most contentious in the union movement, and some which have made companies reluctant to agree with the electricians.

The package is still likely to draw criticism from left-wingers, who object to such open competition for members. The Left is unlikely to welcome another union appealing for members via employers.

Into 2000—as the package is called—is designed to be be tailored to individual company's needs. Its principal elements include:

- Services: the GMBU believes that many new companies do not have the staff or the expertise to set up complicated personnel services. It is offering to help them find the right sort of salary structures, pension plans, holiday arrangements and even profit-sharing schemes.
- Single unionism: Exclusive deals with one union are banned by the TUC in virtually all circumstances but most new companies regard them as essential—if they decide to allow unions at all. The GMBU will avoid the TUC's restrictions by reaching deals only with companies setting up on clear sites.
- Equality of conditions: although the package is being promoted by Matsa, the GMBU's staff section, it provides for similar conditions for all employees.
- Flexibility: Into 2000 makes clear the union's "commitment . . . to flexible working arrangements."
- Binding arbitration: the package specifically excludes no-strike clauses but does allow either side the option of binding arbitration. The union's leaders believe this will make strike action in companies with such an agreement "extremely unlikely."

Mr John Edmonds, GMBU general secretary, said: "We regard this as a sunrise package for the British trade union movement, and for British industry."

The package, unlike the EETPU's makes no insistence on broad procedures to involve employees in management.

The GMBU intends to market its new approach vigorously. The union will hold 14 regional launches, aiming to involve local industry and communities, starting at Birmingham, Norwich and Milton Keynes.

Mr Edmonds said some union packages would collapse when the economic climate improved. "We are trying to construct a realistic system that will stand the test of time."

US officials optimistic about pre-summit talks

BY OUR FOREIGN STAFF

THE US Administration hopes that the Soviet Union will shortly signal willingness to start formal preparatory talks for a summit meeting between the two countries.

After Thursday night's conciliatory speech by President Ronald Reagan, welcoming in general terms recent Soviet diplomacy on arms control, US officials indicated yesterday that they expected an encouraging response when Mr Uri Dubinin, the new Soviet Ambassador to Washington, presented his credentials to Mr Reagan on Monday.

Mr Reagan has been pressing for a meeting with Mr Mikhail Gorbachev, the Soviet leader, later this year.

One of the main objectives of his speech was to encourage the Soviet Union to move forward with preparations for a summit.

Mr Reagan has indicated that he would welcome a meeting between Mr George Shultz, US Secretary of State, and Mr Eduard Shevardnadze, Soviet Foreign Minister, as a first step.

There was no official response in Moscow yesterday to Mr Reagan's speech, but observers said that the lack of immediate comment could indicate that an encouraging reply might follow within days.

Mr Gorbachev said on Monday that he was perpared for a summit with Mr Reagan so long as some substantive agreement could be expected.

Soviet parliamentarians offered yesterday to discuss arms control with US congressmen at a special meeting, and then on a regular basis.

Members of the Supreme Soviet's foreign affairs commissions suggested meeting their counterparts on the foreign affairs and committees of the US Senate and House of Representatives.

The House of Representatives called on Mr Reagan on Thursday to continue to observe the 1979 Salt 2 strategic arms limitation treaty with the Soviet Union. The Senate Armed Services Committee also urged continued adherance to the pact.

Thatcher letter to Gorbachev, Page 4

Lloyds' bid for Standard Chartered to go ahead

BY NICK BUNKER

LLOYDS BANK was given the green light from the Trade and Industry Department yesterday to go ahead with its £1.2bn hostile bid for Standard Chartered, the UK banking group. The department said it was not referring the bid to the Monopolies and Mergers Commission, following a recommendation from the Office of Fair Trading.

The decision, which came as no surprise to Standard Chartered, means that the two-month-old bid battle will come to a head this weekend. Standard Chartered has already moved to deny rumours that it has struck deals with Far Eastern financiers who offered to help it fight the takeover by buying blocks of its shares.

The group is to post to shareholders today its second and final defence document, just inside the deadline set by the City Code on Takeovers and Mergers.

It is likely to contain a 1986 dividends forecast, but no forecast of expected profits because of the effects of currency fluctuations on the group's overseas earnings.

The document is expected to build on industrial arguments advanced in Standard Chartered's May 26 defence document, which sharply criticised Lloyds' overseas banking record.

It argued that there were large overlaps between the two banks' business which would be difficult to disentangle and said the offer of 750p a share was well below Standard Chartered's book asset value, set at 797p a share.

The statement yesterday by the Trade and Industry Department came amid increasing speculation by stockbrokers' analysts that Lloyds' shareholders were taking fright at the political risks of Standard Chartered's involvement in South Africa.

South African operations contributed in 1985 about 13 per cent of its total £268m pre-tax profits.

Lloyds Bank's share price closed unchanged at 362p last night. Standard Chartered rose 2p to 807p.

Bank of Scotland buys Commercial Bank of Wales, Page 10

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES				
Treas 8pc 2000 (£50 pd)	£43½	+ ½	Marshall T. (Loxley)	112 + 8
AE	239	+ 57	Mercury Intnl	780 + 25
Armstrong Equip	152	+ 12	Molins	183 + 8
BL	54	+ 8	Next	262 + 8
Baker Perkins	290	+ 10	Prudential	848 + 16
Crowther (J.)	163	+ 9	Rotaflex	448 + 60
Dixons	700	+ 45	Suter	234 + 11
Elson	140	+ 23	Western Motor	168 + 15
Glynwed Intnl	330	+ 16	FALLS	
Hestair	203	+ 13	Comm Bk of Wales	69 − 7
Hill Samuel	463	+ 16	Conroy Pet Nat Res	113 − 7
ICI	979	+ 25	Equity & General	23 − 4
JSD Computer	163	+ 10	Heath (C. E.)	568 − 19
Land Securities	323	+ 10	Renold	78 − 8
			Turner & Newall	227 − 9

WORLDWIDE WEATHER

UK today: Mostly cloudy with thundery showers in S. and isolated rain elsewhere. Outlook: Rain moving N.

		Y'day midday °C	°F			Y'day midday °C	°F
[illegible]	[illegible]	[illegible]	[illegible]	Luxmbg.	S	25	77
[illegible]	[illegible]	[illegible]	[illegible]	Madeira	F	20	68
[illegible]	[illegible]	[illegible]	[illegible]	Madrid	[illegible]	25	77
[illegible]	[illegible]	[illegible]	[illegible]	Majorca	S	29	84
[illegible]	[illegible]	[illegible]	[illegible]	Malaga	S	28	82
[illegible]	[illegible]	[illegible]	[illegible]	Malta	S	28	82
[illegible]	[illegible]	[illegible]	[illegible]	M'chstr	F	24	75
[illegible]	[illegible]	[illegible]	[illegible]	Melbne.	C	11	52
[illegible]	[illegible]	[illegible]	[illegible]	Mx. C.	—	—	—
[illegible]	[illegible]	[illegible]	[illegible]	Miami	S	27	81
[illegible]	[illegible]	[illegible]	[illegible]	Milan	S	23	73
[illegible]	[illegible]	[illegible]	[illegible]	Montrl.	S	15	59
[illegible]	[illegible]	[illegible]	[illegible]	Moscow	C	28	82
[illegible]	[illegible]	[illegible]	[illegible]	Munich	S	24	75
[illegible]	[illegible]	[illegible]	[illegible]	Nairobi	—	—	—
[illegible]	[illegible]	[illegible]	[illegible]	Naples	F	25	77
[illegible]	[illegible]	[illegible]	[illegible]	Nassau	—	—	—
[illegible]	[illegible]	[illegible]	[illegible]	Nwcstl.	C	10	50
[illegible]	[illegible]	[illegible]	[illegible]	N. Delhi	C	36	97
[illegible]	[illegible]	[illegible]	[illegible]	N. York	S	20	68
[illegible]	[illegible]	[illegible]	[illegible]	Nice	[illegible]	23	73
[illegible]	[illegible]	[illegible]	[illegible]	Nicosia	[illegible]	29	84
[illegible]	[illegible]	[illegible]	[illegible]	Oporto	[illegible]	17	63
[illegible]	[illegible]	[illegible]	[illegible]	Oslo	[illegible]	22	72
[illegible]	[illegible]	[illegible]	[illegible]	Paris	F	28	82

		Y'day midday °C	°F
Peking	C	23	73
Perth	S	16	61
Prague	S	26	79
Rykjvk.	F	11	52
Rhodes	S	28	82
Rio J'o	—	—	—
Rome	—	—	—
Salzbrg.	S	29	84
S'ciscol	F	11	52
Singapr.	F	31	88
S'tiago	—	—	—
Stckhm.	R	16	61
Strasbg.	F	26	79
Sydney	S	15	59
Tangier	C	20	68
Tel Aviv	—	—	—
Tenerife	—	—	—
Tokyo	S	27	81
Toronto	F	15	59
Tunis	F	28	82
Valencia	F	25	77
Venice	S	26	79
Vienna	S	27	81
Warsaw	S	28	82
Zurich	S	25	77

C—Cloudy, F—Fair, Fg—Fog, H—Hail, R—Rain, S—Sunny, Sl—Sleet, Sn—Snow, T—Thunder.
† Noon GMT temperatures.

S. African security law

Continued from Page 1

the NUM general secretary, did not attend the talks and is believed to have gone into hiding.

The Government information bureau, the only official source of news about the emergency, yesterday introduced further limitations on reporting.

Journalists will have to submit questions for the daily briefing at least four hours in advance. Other questions must be directly related to the subject of the bureau's news bulletin of the day.

The state-owned radio and television network has been forbidden to transmit live interviews or debates by satellite, and local representatives of foreign networks have been told they bear full responsibility for the content of material transmitted.

In his first public speech since the state of emergency was declared on June 12, President Botha said South Africa was the victim of "a carefully calculated propaganda game," orchestrated from Moscow.

He attacked South Africa's critics. When they spoke of reform, or used such phrases as "genuine negotiations with black leaders," they really meant "a final transfer of power to the South African Communist Party and its front, the African National Congress."

In Cape Town, more than 5,000 refugees from the Crossroads squatter camp, where factional fighting had left 70,000 people homeless this month, face eviction from churches, temporary camps and private homes in white and Coloured areas of the city. The Government gave notice yesterday that it intended to move them to Khayelitsha, nine miles from Crossroads.

UK argues for pressure

Continued from Page 1

events are to take place at the end of next month.

Mr Healey said yesterday that he would seek assurance from the Pretoria government that there would be no difficulty for him or Mr Anderson entering the country on Tuesday. The South African message to Mr Healey fell short of an outright ban.

He and Mr Anderson are to be the guests of the South African Council of Churches. They are hoping to meet a wide range of political and community leaders.

Michael Holman, Africa Editor, adds: In The Hague, European Community political directors, meeting to prepare for the EEC summit next week, failed to agree on a common strategy over South Africa. It emerged today that a special meeting of Community foreign ministers is to take place on Thursday morning, before the formal opening of the summit.

The ministers will have before them various measures the Community could take against Pretoria, with an analysis of their possible effect. No details of the measures have been given.

A ban on the import of South African agricultural produce and an end to air links have been suggested by the Netherlands, which called for the meeting on Thursday.

A United Nations conference on sanctions ended in Paris yesterday with a call for "concrete, immediate action" to end apartheid and called on Britain and the US to end their opposition to sanctions.

The declaration called for bans on military links, oil sales, investments and loans in South Africa, the import of agricultural products, coal and uranium, and an end to air and shipping links. It recommended a programme of assistance to black states in southern Africa likely to be affected by sanctions.

Britain, the US and West Germany did not attend the five-day conference.

THE LEX COLUMN

The real Morgan stands up

The frequent calls for capital that Morgan Grenfell has made on its exclusive group of shareholders have made it seem rather unlikely, in recent years, that there could be vast depths of inner reserves concealed under the published balance sheet. The advent of Big Bang, forcing Morgan to raise even more equity for its growing business than the £100m it could get from a family whip-round, has now put an end to the mystery: over the past five years the practice of making transfers to inner reserves has enabled Morgan to under-disclose its earnings by anything from 20 to 33 per cent.

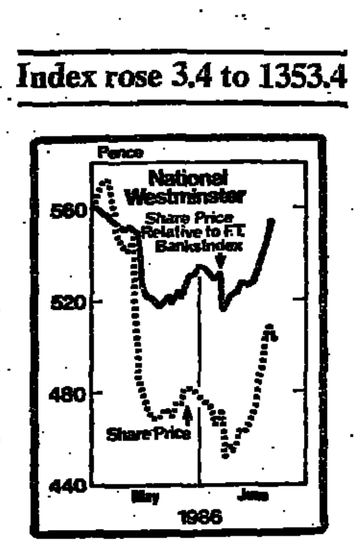
The implied comparison with other merchant banks is thus rather different from what everybody — including Morgan's rivals — had supposed only the day before. The stricter folk in the City would argue that earnings or equity that do not appear in the accounts should simply be ignored. By putting everything in, barring loan-loss provisions, Morgan has probably forced everyone else into a similar degree of exposure, and that may change the basis on which the whole sector is valued. It is one thing for analysts to guess that there is an extra 10 per cent of hidden equity in a balance sheet; to know the actual total (more or less) is another thing entirely.

Morgan's long-awaited unveiling, and its very strong first half performance, put a warming gloss on the whole sector yesterday. A confession to earnings 20 per cent higher than previously disclosed for 1985 obviously helps to bring down the historic multiple: at the 425p minimum tender price it is still a premium 11.8 times. But the 30p rises in the shares of Mercury and Kleinwort yesterday make it look as if the tender mechanism could generate a rather fancier valuation after all.

Market

Ascot week is not normally associated with activity in the equity market but perhaps the advent of the cellular telephone has changed all that. Whether the orders stemmed from Berkshire, or Japan as some claimed, the effect has been a 3 per cent rise in the All Share. The volume, at around £500m a day, is scarcely more than the weight traded when the market was easing down and still only half that of the peaks of April. But

Index rose 3.4 to 1353.4



traders seem to think they are doing more business, as they would, to justify the Big Bang infrastructure.

Lack of liquidity, the great bugaboo of the past month, seems suddenly to be yesterday's story. Confirmation that British Gas would be debt-financed to the tune of £2.5bn, with no more than £6bn equity has helped. The institutions are now hoping that British Gas will reschedule its future short term debt with the likes of Citibank rather than issue a giant debenture. Scrapping the Royal Ordnance flotation can be interpreted as an injection of £200m or so into a market which has had a full week without a major placing or rights issue. For the first time since Nat West's £714m cash call the market has stopped looking round corners. It must be time for another blockbuster.

NatWest

National Westminster Bank is not as highly exposed as some to South American debt. Even so a 4 per cent rise in its share price in the hours after the resignation of the Mexican finance minister is bemusing. By Friday morning the shares had sprouted 10 per cent in the week to 508p and some explanation was clearly in order. County Bank might, of course, have engaged in a support operation to make the shares look good in the final days before the 27th, when the 200p rights have to be taken up. Then again, Lloyds Bank has an interest in supporting shares which track its own so closely, to buttress the value of its paper offer for Standard Chartered. Lloyds shares did indeed respond to the NatWest treatment, but no Lloyds buying was detectable.

A full take up will be costly for the small shareholders who hold 20 per cent of the outstanding shares. And those who sell part of their rights to provide funds with which to maintain the nominal value of their NatWest holding, will court a capital gains bill because the amount raised will be more than 5 per cent of the original investment. But the most disgruntled holders are to be found in the US, where SEC rules prevent the take up of rights in UK shares. Those who have been able to forgive such dramatic forced dilution could well be behind the week's rise, as they attempt to restore their weighting in the UK's greediest clearer.

Turner & Newall

The convention of an opening bid that nobody can sensibly accept has become impossible to breach. At least, that seems to be the only conclusion one can draw from Turner and Newall's opening shot at AE. An offer worth 196p a share has been neatly vaulted by the AE share price—up 57p to 239p yesterday—and is clearly destined to be either revised or overtaken by a third party. The one outcome that can be confidently excluded is victory, over an unwilling target, at the present price.

Although there is some industrial argument to be made for putting the two groups together, it is not overwhelming. AE has been repeatedly seen as a takeover victim, on the grounds that it has competitive technology which it is too small to make the most of. AE's fleeting acquiescence in a bid from GKN is evidence that it has had its own doubts in the none-too distant past. But AE has had a very strong recovery, invested well in new production technology, and has a strong market position in the world motor industry. It will not just roll over.

Nor is Turner necessarily the ideal industrial partner. If that were the issue, GKN might still be preferable, assuming that the monopolies judgment which stopped GKN's previous bid could be overturned, or got round by selling off some of the overlapping parts to a merchant bank. One way or another, AE's share price shows that the market has scented blood; an auction is in progress.

مطابق للأصل

WEEKEND FT

Saturday June 21 1986

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

Britain's merchant banking dynasties have always lived on their wits. Can they now cope with the Big Bang? asks **David Lascelles**

Endangered species

IF YOU step into the marble-lined hallway of Barings, the City of London merchant bank, you will see a most alarming sight: a huge oil painting of the Great Fire of London, all orange flame and black smoke and faces twisted with fear. Not, you might think, the best way to inspire confidence in this eminent institution, or even in the City itself where the Great Fire of 1666 started only a few steps down the road from Barings at the spot now marked by the Monument. Most banks prefer to adorn their entrances with images of permanence rather than catastrophe. But that eye-catching canvas suggests a rare commodity in Britain's fast-changing financial community these days, and one which Barings has in abundance: history.

More than 10 years have passed since Barings knocked down its old building in Bishopsgate to erect a smart modern office block, but it preserves the trappings of Britain's oldest merchant bank, aged 234. Upstairs, on the 18th executive floor where an antique grandfather clock ticks amid thick carpets and modern panelling, there are more oil paintings, this time showing generations of Barings at work and play. In the main office there is even a real Baring: Sir John, the bank's 6ft 6in tall chairman.

It is all deeply satisfying to the British sense of continuity and tradition. But that Great Fire painting is appropriate in another sense. It conveys the whiff of danger that is swirling in the air just now as the fuse fizzles towards the Big Bang, that much-awaited event on October 27 that is supposed to blast great holes in the City's protected markets and expose them to the chill winds of competition.

How are the City's oldest family merchant banks coping with these great upheavals? Will they survive a process that is creating huge new conglomerates of bankers, stockbrokers and jobbers earning more profits in a week than the likes of Barings do in a year? Does the resourceful blood of those great 18th and 19th century financiers still course through the veins of their 20th century descendants and fit them for a time when, as Sir John himself puts it: "Every piece on the board is being moved?"

Merchant bankers have lived by their wits for centuries, spotting those lucrative deals and oiling the wheels of commerce with their worldwide contacts and access to money. They have usually thrived on change rather than been crushed by it: yet, since the Second World War many of the City's great dynasties have already shrunk, disappeared, or handed over control to swarms of shareholders to whom they had to turn for their capital lifeblood.

The names of nearly two dozen of them live on among the 16 members of the Accepting Houses Committee (AHC), the merchant bankers' trade group. You can still find a Kleinwort and a Benson at Kleinwort Benson and there are Flemings on the board of Robert Fleming. The Schroder family trusts still own half of Schroders and Bruno Schroder, the 53-year-old scion of the family, is a non-executive director there. But the days when the Singers and the Friedlanders, the Samuels, and the Montagus, the Morgans and the Grenfells owned and operated their shops are long gone. The latest to move on were the Hambros who only a fortnight ago sold most of their remaining holding in the 148-year-old bank and struck out on their own. It was "a traumatic moment" admits Jocelyn Hambro, who ran the place for most of the post-war years but who now, aged 67, accepts that times have changed.

With the Hambros gone, there are only two merchant banks where the family could be described as dominant—Rothschilds and Barings, the remnants of the City's golden age. Both, in their different ways, are determined to fight on as independents, partly because it is in the family, partly because they reckon they can make more money that way. Behind those carefully nurtured antique facades, computers hum and the battle for business goes on just as fiercely as it does in younger institutions.

N.M. Rothschild & Co (NMR) is the family bank *par excellence*. As the British arm of the greatest banking dynasty the world has known, it owes a duty to generations of Rothschilds all over Europe to keep the family flame alive. But even this illustrious institution, tucked away in a little back street behind the Mansion House, has found that families can be as hard to manage as an army of shareholders.

There is a whiff of danger in the air just now as the fuse fizzles towards that much-awaited event on October 27 . . .

The incumbent is Evelyn de Rothschild, a silvery-haired 55-year-old who possesses all the social graces of a merchant banker but is also very clearly the boss. His strong view about how NMR should be run have inspired great loyalty in some, and struck others as idosyncratic or worse. Although gregarious when the bank's interests or his many other pursuits demand it, he shuns publicity to the point where Who's Who has only 3½ lines on him—despite the fact that, as chairman of the AHC, he stands only a step below the governor of the Bank of England among the City's high and mighty. He is also chairman of The Economist magazine.

As he gazes round the table at AHC meetings, de Rothschild must enjoy the satisfaction of knowing he is the only one there who actually owns his own bank. Not directly: the ownership trail winds through a couple of holding companies and ends up in Switzerland in an outfit called Rothschild Continuation Holdings AG, in which others of the Rothschild clan and some executives from the bank have an interest. But he has the biggest chunk; and were he ever to sell out he would have a fair bit to spend on his favourite pastimes of art collecting and horse racing.

Naturally, he is touchy about suggestions that he runs a family fiefdom. Although there are other Rothschilds in the bank (like his cousin, Leopold, who works on the international side), he points out that day to day management is in the hands of four managing directors, none of whom is a Rothschild. "There is a view that private companies are not as efficient as public ones," he says. "But every business should be run as efficiently as possible. The advancement of family members by right is totally wrong." It is, he adds, too early to know who will succeed him although he has two sons, David and Anthony, both in their teens. But he holds out the possibility that the next holder of the top job will, for the first time, not be a Rothschild.

Like Barings, N.M. Rothschild proclaims its history in oils. The hall there shows old Mayer Amschel Rothschild himself and the large progeny who established his banking empire around Europe early last century. Upstairs, however, the art becomes ultra-modern and the lights have "switch it off" signs on them, suggesting a businesslike preoccupation with the present.

As merchant banks go, Rothschilds is medium-sized. Its last annual report (which, like all merchant banks, is sparse) showed assets of £2.5bn and profits of £3m—a meaningless figure since this is after tax and tranfers to inner reserves. It also revealed that de Rothschild was paid £126,687, which is low by City standards but does not include dividends. The bank is best known for the quaint ceremony where the London gold price is set in conditions of great secrecy. But Rothschilds makes much more money from deal-making, managing the fortunes of wealthy institutions and individuals and raising capital for its corporate clients (it is handling the privatisation of British Gas).

Evelyn de Rothschild has been very cautious about the Big Bang. Unlike other publicly-owned merchant banks, which have rushed to buy stockbrokers and ride the securities boom, he has bought only a minor interest in an alliance between Smith Brothers, a jobbing company, and Scott Goff Layton, a firm of stockbrokers, and intends to "wait and see." He says: "There is considerable concern in the City, which I share, at the speed with which some new financial service groupings have been put together. We have already seen some of the negative consequences." Such circumspection wins applause from those who fear the possible destructive effect of the Big Bang, although others see it as evidence of the lack of vision for which de Rothschild has been criticised in the past.

As the man who holds the top job in a family business de Rothschild is vulnerable, of course, to such criticism. Apart from the blazing row a dozen years ago which led to the departure of his cousin, Jacob, other senior people have left the bank more recently complaining that he will not pay enough or delegate enough power to keep top talent. "Evelyn hates to make others rich," was one comment. The real question, though, is whether he is building a future for NMR.

De Rothschild is plainly determined not to dilute his control of NMR by turning to the public for capital—even if this means limiting growth. In the same week last month that one of his chief rivals, Morgan Grenfell, finally caved in and sought a listing on the Stock Exchange, he said: "If you want more capital, you can raise lots of money from private sources." Perhaps only a Rothschild could make a comment like that; but if NMR is now on its way to becoming one of the City's smaller merchant banks, it will have to depend more than ever on its intellectual resources and that famous worldwide Rothschild network of cousins and uncles to keep profits rolling in.

At Barings, they have been more concerned with preserving their privacy than with keeping the levers of power in family hands. The bank is owned not by the Barings but by the Baring Foundation, a charity which picks up about £1.5m a year in dividends from the business and distributes it to worthy causes. However, the charity has no votes: those are held by the 30 or so directors who run the bank in a partnership. Only four of these are Barings: Sir John and his cousins Nicholas (who runs Barings Investment Management), Peter (Nicholas's younger brother), and Michael.

Whether Barings' internal democracy would survive a true test of wills between family and non-family is a question that might not be answered until Sir John's retirement, which is years away (he is 57). His son, Mark, 27, works in the bank. But although Sir John says he has "some ideas" about the succession, he is not prepared to discuss them. In the past, he notes, there have been at least two occasions when the boss was not a Baring (they were not even English, hailing from the US and Canada), and he talks scathingly of "hereditary nincompoops." Because he is not a shareholder, Sir John gets no dividends from the bank. Instead, he gets a share of the profits on top of his salary, the two totalling £243,920 last year.

Half the size of Rothschilds, Barings has always had to live more off its wits than its younger rival and has developed a reputation for good management and classy clients. It acts for institutions like the World Bank and the kingdom of Sweden when they want to borrow sterling. It also has people on secondment to the Saudi Government to advise it how to manage its oil billions, and itself looks after more than £7.5bn of other people's money. However, the rumour that Barings holds the Romanov millions in its vaults and does not pay interest on them is "quite untrue," according to Sir John. He does admit that the bank has an account for "the Russian Government" which has been accumulating interest for a while. (How much is 5 per cent compounded annually since 1917?)

More to the point, Barings has also been quite bold about the Big Bang. It bought a jobber in gilt-edged stock and is one of the leading UK banks in the Far East's booming securities markets. Not that this will guarantee its survival in the post-Big Bang era when it will be a midget among giants.

Whether Hambros would have done better to stay small and private like Barings is a moot point. Twenty years ago, it was the top merchant bank. But it made some disastrous mistakes and the latest generation of Hambro sons was not cut out to run a big publicly-owned bank employing 3,500 people (Rothschilds has 1,400 and Barings 1,000). Last Christmas the oldest of them, 43-year-old Rupert, decided to cash in the family chips and go off with his two brothers, Richard and James, to start a new investment business of their own with the £15m proceeds. (If that seems a rather trifling sum for selling the family bank, the Hambros' stake was quite small—although some people also think the family sold out rather cheaply.)

"I don't regret it for a single second I'm not going to miss sitting at the top table. I did not like running a big organisation and having to decide who was going to become an assistant director," says Rupert in the temporary quarters they now occupy in Threadneedle Street (where — yes — the family oils have come, too). "We can now take a 10-year view instead of having to increase our profits every year to satisfy the stockbrokers and the press." Adds Richard: "The incentive is back."

The Hambro banking tradition ended because the inheritance became a burden rather than an opportunity — which must always be the danger in dynasties.

They lead a perilous existence, these family banks. If they succumb to the temptation to grow too big, the family loses control and the exclusivity is lost. But if they remain too tight-knit, they will not attract ambitious new blood and will fail through inbreeding.

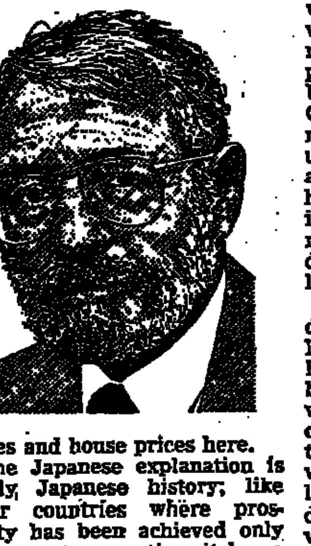
One person who does think they have a place — albeit a minor one — is, ironically, Jacob Rothschild, who forsook NMR to run an investment company with 38,000 shareholders. Often described as the true heir to Mayer's vision, he has severed all links with the bank (although he cunningly registered its emblem, Five Arrows, having discovered that it had never done so, thus exacerbating the family feud). He believes small quality banks will always attract particular types of talented people. "They could become very wealthy individuals. But the price is a loss of position," he says.

The fact of the matter is that — sentimental reasons apart — the City has become indifferent to the survival of this historic species. Nearly 100 years ago, the Bank of England mounted an epoch-making rescue to bail Barings out of some bad Latin American loans, fearing its collapse would bring most of the City down, too. It is hard to see the Old Lady taking the same view today. Their best asset, in an era of huge conglomerates, is their independence — but it could also be their most fragile.

The Long View

Why baby boomers get a raw deal

And, says Anthony Harris, as he considers housing prices once again, there's very little to be done about it—except plan to retire early or vote for any party prepared to invade the Green Belt.



SOME TIME ago, I drew attention to the fact that the British house price boom is something of an international oddity, and a number of readers were quite badly worried by this thought. They must be feeling relieved by now; because although our local boom remains something of an oddity it has actually gathered force in London and the South, where it is in any case concentrated—although it remains quite a modest affair compared with what is reported from Japan. In many other markets, though, high real interest rates have led the house market to weaken; in Germany, there has been something like a rout. Why the differences?

The first explanation that springs to mind is not very encouraging: the buoyancy of British house prices simply reflects the equally odd buoyancy of British incomes, which so worries the Chancellor.

The clear warning here, both from wage costs and from the credit boom which services the house market, is that general inflation in the UK is not conquered but is simply taking a rest. Reflating the economy through housing finance, as Tim Congdon of Messels argues, is like any other form of reflation—good for activity in the short run but inflationary in the long run.

This seems to me more persuasive as a forecast than as an analysis. The housing finance boom is a symptom rather than a cause; it is driven by demand. Since the world economy as a whole remains flat, and while the corporate cash position is generally pretty flush, lenders would be delighted to finance a strong housing market anywhere. The money is attracted to London and Tokyo because that is where the action is.

As for the boom being a warning of inflation, it is like a repeater alarm; the real cause is the rise in incomes, amplified by the speculative attraction of any rising asset market. In any case, there are other causes at work, as the Japanese example shows. There, income growth is subdued and a strong yen is causing a drive for yet more competitiveness—the very reverse of the persistent inflation psychosis that seems to drive wages and house prices here.

The Japanese explanation is partly Japanese history; like other countries where prosperity has been achieved only in the past generation, it has a housing stock that reflects its poorer past.

However, there is also a demographic factor. Japan is at the moment in a phase of strong household formation. The generation now bidding-up property values is the same generation whose future pension entitlements so obsess Japanese planners. In this respect, the UK is like Japan and unlike Germany and the US, where the retirement bulge is already under way and house prices are weak. The present bulge in household formation was, indeed, forecast in policy documents 20 years ago. Where demographics is counting the living, it is easy stuff.

There is a clear lesson here: demographic pressure, for as long as it lasts, drives up real house prices because of the brute fact that construction is very slow to respond to market changes. It is even slower when the industry is run by people who would probably have to look up "demographic" in the dictionary, and still slower when they are hampered by mountainous terrain, as in Japan, or mountainous British planning restrictions.

The trouble for UK buyers is that the present peak in household formation will not be very sustained. It will be followed by a trough, reflecting the present trough in school places, to be followed by a second minor wave perhaps a decade later. If house prices do reach one of their periodic peaks in relation to income, which could mean a real appreciation of another 20 per cent or so, it seems unlikely to last.

This pattern is easy to understand if you keep a firm grasp of the fact that the house market, apart from new construction, is a leaky pipelino. New entrants to the labour force (if they are lucky) want to live where the best work opportunities are to be found. If they are arriving faster than established workers are retiring, prices are forced up. The market imposes a tax on the young to bribe the old to move away.

However, when the labour force is shrinking and retirement is at a peak, the balance reverses. The retired are penalised in turn for their large numbers, as the money they can get for geographical severance pay shrinks. This is one way in which the market ensures that the retired cannot make insupportable demands on the working economy. It means, incidentally, that it is desperate unlucky to be born in a baby boom; you pay the highest entrance fee and get the lowest severance pay.

These thoughts, unfortunately, rather over-illuminate our problem, which is simply to account for the British house price boom and guess its duration. We have three elements—inflation psychology, speculation, and demographics. The first leads to illusory profits—house prices rise, but other prices catch up. However, under British tax arrangements, with cheap credit and untaxed capital gains, these nominal profits are well worth having. Housing is a good inflation hedge.

The speculative element offers real profits which will disappear if you wait too long. In this respect the house market is on average a little like the stock market—it looks impressive in relation to recent under-valuation but about normal on a longer-term view. But in the South East, and especially in some parts of London, it is decidedly go-go, and corrspondingly high risk.

The demographics carry a clear longer-term health warning: the population pressures now supporting the market will weaken in the medium term (some time after the labour force growth flattens about two years from now). But there is very little you can do about it if you are a baby boomer—except plan for early retirement or vote for any party prepared to invade the Green Belt.

• CONTENTS •

City hesitates over rerating of Telecom

WITH the £2bn British Gas first call due in November, Thursday's British Telecom results provided a good opportunity for investors to take a considered look at a major privatisation, after it had completed a clear financial year as a quoted company.

BT's pre-tax profits of £1.81bn were smack in the middle of market expectations with a final quarter pick up in telephone call income helping to bring home the bacon. However, the shares have been underperformers for most of the last year and those who did not sell early on a partly paid basis and who missed the early April 278p high (on flotation the shares cost 130p) probably do not have a lot to look forward to in the next few months unless the City accepts the argument that BT deserves a rating closer to the market's prospective of 14 times forecast earnings. On the £2.05bn expectations for 1986-87 the stock currently enjoys a forward looking multiple of 11.

The City is hesitating over any rerating because it sees BT's growth held back by several factors. The communication giant's growth rate is settling down towards the perfectly respectable but undramatic 13 per cent level as the pricing formula on telephone charges becomes a more dominant factor in determining earnings potential than the post-flotation cost cutting.

Further factors, the July and August paper flood (which includes the Trustee Savings Bank) and the longer term concern over the outcome of the next general election also weigh against BT.

While it can be argued that on BT's prospective rating the shares appear cheaper than at any time post-flotation, the market doesn't seem to be expecting a great deal from the shares. There is, for example, no great premium on the 240p October call option, over the FT-SE Index option for September.

Moving upmarket when times get tough is not a brilliantly new strategy. After this week's announcement that the year-old F-Series is to be junked and the Xi produced only to order, it would appear that readers of "Apricot User," the magazine for owners of the group's machines, are going to have to start writing to each other while fuming at the deeply discounted prices at which old stock will be available in the shops.

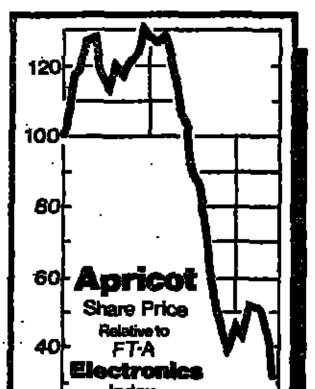
Apricot, which reported pre-tax losses of £10.3m (compared with profits of £10.6m) after £12.7m in write-offs on the discontinued models on Tuesday, is aiming for a new IBM-compatible look centred on its Xen range of machines, costing £4,000 to £40,000. Recently sales of the Xen have risen to about 1,000 a month, which Apricot claims is its break-even level now that the staff complement has been cut in half to 650.

However, the one year outlook is not rosy. Sales of £80m are expected on which pre-tax profits of £8m are forecast. Half the profits will come from personal computer maintenance and the Quasar financial system. Once a 35 per cent tax charge is discounted, a judicious handling of tax losses may allow for a dividend in 1986-87, but this is far from certain.

London

Having lost a good deal of user and investor confidence, Apricot's shares at 54p (£1 down from a year ago when some brokers tipped them as a recovery stock) rate only speculative interest as there is always the possibility of a bidder.

When F. H. Tomkins narrowly won its bid for Pegler-Hattersley in mid-week, financial advisors to the victors, bankers S. G. Warburg, came very close to proving that two minutes can be a very long time in a takeover battle. While we all know the problems of scouring the office for a functioning photocopier, it must be hard for the investor in the street to believe that with so much spent in the merger market of late, such seemingly trivial matters could decide the issue.



However, the Takeover Panel's ruling was thoroughly consistent with English judicial practice although not with that across the Atlantic were 5 pm would almost certainly mean just that and no more.

Attention has now shifted to the Evered-McKechnie saga, seen as a parallel because of the new-lamps-for-old engineering similarities. On Thursday, the Evered offer was upped to just short of one-for-one (actually 39 for 40) on a share basis and a 260.3p cash alternative was put in place for the first time. The offer is 14 times prospective earnings and values McKechnie at £164m.

When McKechnie was bidding for Newman Tonks back in January, *a battle it lost, brokers* argued that about a quarter of McKechnie's prevailing 204p share price was due to bid interest arising from the stake held by Williams Holdings. At that level the prospective p/e was 12 for the year to March, shading to 11 for this year. Before this the market had rated the stock a hold on multiples ranging from 8 to 9.

McKechnie are still opposing the Evered offer but the City appears inclined to believe that the bidder has done enough to clinch victory and the movement of share prices after the increased offer supports this view. While no contested bid is ever settled until the last minute and the last acceptance is counted, interest is now developing in the extent of dilution success could mean for Evered and the future of the group's 15 per cent stake in one-time target TI.

Fuelled by bid developments the London market has been in a positive mood all week, with the FTA All Share Index rising on average by 0.7 per cent a day to the highest level seen for six weeks. The equity market did not get the base rate cut it was hoping for this week and, instead, the FTA long gilt yield index gained 12 basis points up to 9.46 per cent on Thursday, which would normally be taken as indicating an expectation that interest rates are due for a rise.

According to brokers L. Messel and Co, on their forecast of an average dividend across the market of 35p per share, the "fair value" of the FTA when the gilt yield hits 9.50 per cent should be 847, well above current levels. This suggests that the present run still has some way to go, with the completions of a few bids plus an agreed merger or two helping to generate funds for the institutions and so easing short-term liquidity difficulties.

However, late summer and early autumn is not far off and it is difficult to see the rally *continuing on into the third* quarter of the year unless the gilt market is wrong about the direction interest rates are likely to take.

Terry Povey

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1986 High	1986 Low	
FT Ordinary Index	1,353.4	+ 39.7	1,425.9	1,094.3	Revived demand finds sellers scarce
FT Gold Mines Index	213.8	+ 19.4	357.0	192.3	SA news blackout prompts covering
AE	239	+ 67	239	139	Bid from Turner and Newall
Abaco Investments	68	+ 15	70	27	Comment on expansion moves
Anglia TV N/V A	258	+ 38	268	175	Good interim results
Apricot Computers	55	− 30	100	52	Poor preliminary figures
Authority Investments	280	+152	280	72	Bid from Management Group
BET Deferred	416	+ 26	448	385	Thames TV flotation
British Steam Specialties	275	+ 42	280	170	Bumper results
Burton	290	+ 30	354	242	Broker's "buy" circular
Dawson International	254	+ 22	276	196	Better-than-expected results
Dewey Warren	133	+ 22	185	70	Bid approach from C. E. Heath
Gelfer (A. J.)	148	+ 38	150	88	Bid approach
Moss Advertising	80	− 22	115	70	Disappointing interim results
NatWest Bank	502	+ 39	567½	436½	Sudden demand reveals stock shortage
Prudential	848	+ 91	948	714	Boom in endowment mortgage business
Stylo	253	+ 38	275	160	British Land bid hopes
Waddington (J.)	895	+100	900	535	Annual results and scrip issue
Western Motor	168	+ 42	170	75	Awaiting property revaluation
Yelverton Investments	43	− 10	53	32	Proposed rights issue

Tourist slump hits home

USM
UNLISTED SECURITIES MARKET

IS THE unlisted securities market exposed to the downturn in tourism from the US? The junior market might not be replete with transatlantic airlines and London hoteliers, *but any company exposed to* catering or leisure in the West End must look vulnerable. The USM has a fair sprinkling of these, and a straw poll among them suggests that few can claim to have escaped the effects *of the downturn entirely.*

Perhaps the most heavily exposed is Aberdeen Steak Houses with its chain of about 30 restaurants concentrated entirely in the tourist areas of London which American visitors frequent.

Aberdeen reported an unexpected downturn in pre-tax profits to £813,000 for 1985 against £934,000 for the 13 months before, so the last thing it needs is a fall-off in customers. Even a small decline would be serious because the company's high operational gearing means that lost custom is translated almost directly into lost profit.

Aberdeen is not the easiest company with which to communicate and no one was available for comment yesterday, so the extent of its suffering is unknown. In the past, it has claimed that British tourists are a more important component of *its customer base than foreign* ones, but peering through the windows of its West End restaurants these days is not a reassuring exercise and the shares are hovering only 2p above their record low of 46p.

Asprey, the up-market jeweller, might seem an obvious candidate for a re-rating because of the popularity among tourists of its famous Bond Street store. The company does indeed report a fall-off in the number of US visitors coming through its doors, but says its most important sales are the low-volume, high-value ones which tend to go to wealthier individuals, rather than the mass travel market. Add to this the fact that the Bond Street store is only one of four—with others in Fenchurch Street, Geneva and New York—and Asprey says the effects, though perceptible, are small.

Acsis Jewellery's group of 50 shops is well spread around the country but it does have four in the West End: one in Covent Garden and the others in Selfridge's and Debenhams in Oxford Street and Harvey Nichols in Knightsbridge. Acsis says a decline in the number of American customers has been noticeable at all of these to a greater or lesser extent, but most particularly at Harvey Nichols.

This branch, which caters for the upper end of the market, accounts for nearly 10 per cent of group sales so the downturn is being felt, but Acsis says it is responding to the problem by *extending its floorspace* there and the effects will not be critical.

Cecil Gee had a rotten year in 1985, managing profits of only £510,000 even after property surpluses of £2.9m. The trendy Gee 2 shops bore most of the blame while the stodgy old Savoy Taylors Guild stores emerged as the jewels in the Cecil Gee crown.

This year, however, it seems to be the turn of the Savoy Taylors Guild to come under attack, for Cecil Gee confirms that the four London stores selling classic men's clothes have been noticeably affected by the fall-off in American custom. How much is hard to say; but if it is any indication of the gravity of the situation, Savoy's summer sale has been brought forward to next week in an attempt to generate business.

This does not bode well for Cecil Gee's next figures, but the company says there are signs that American custom is beginning to pick up and that, meanwhile, the Gee 2 shops are in much better shape than they were last year.

Norscot Hotels has 13 hotels, 12 of them in Scotland and the other in the Lake District. All of them cater for the tourist trade and Norscot says it has had a few cancellations from the US tour groups, but most of its bookings come from UK-based coach tour operators whose customers include only a small proportion of American visitors.

"On the whole, we seem to have come out of it quite reasonably. What the rest of the season will bring is anybody's guess, but sales are ahead so far," Norscot says.

Fuller, Smith & Turner might look vulnerable with its high concentration of London pubs, but most of them are in the western suburbs or the City *so tourists do not figure greatly* among their customers. The group does have two motels serving Heathrow airport, and their managers report a fall-off in bookings, but the effect on total group turnover will be *minimal. Figures for the year* to March, due out next week, are expected to reflect the strong progress at the interim stage.

Richard Tomkins

C & W set for an 18% profit rise

CABLE AND WIRELESS has long been bandied about as a City favourite and its end of year results, to be announced on Wednesday, should bear out its reputation by unveiling an 18 per cent increase in profits to £290m.

Having secured healthy growth across almost every area of activity, the chief prob*lem for Cable and Wireless is* currency. Given that the US, Middle East and Far East are its staple sources of income Cable and Wireless now effectively trades in US dollars and exchange rate fluctuations, *which added £15m to its* 1984/85 results, should whisk £10m out of 1985/86.

The management has exerted such tight control over costs that the company has maintained a stable cost structure for the last five years, although continued investment in Mercury caused a slight cost increase in 1985/86. Mercury lost £15m or so last year, but should move into profit in the second half of this year.

Meanwhile the rights issue has eradicated Cable and Wireless's borrowings and the company is now on course for aggressive expansion in the US and in Japan this year.

Having taken a deep breath *and announced halved profits at* the interim stage, **RACAL** came clean with the City and admitted that the full year would be little better. Thus analysts are resigned to a decline in profits to £90m or so, when its preliminary results are unveiled on Monday, and seem prepared to wait until 1986-87 for recovery.

The company's problems last year were rooted in the US, where the data communications market collapsed, leaving Racal, together with IBM, DEC and Data General, to scramble for *market share. Racal was swift to* cut costs and should fare better in this year's static market than many of its competitors, yet the 1985-86 contribution will be reduced to £3m or £5m compared to £50m in the previous year.

The Racal-Vodafone cellular radio business should move into profit in the final quarter of this year, but cost Racal £10m in start-up losses last year. Meanwhile **CHUBB** is still in the throes of restructuring but

Results due next week

should have produced around £20m for Monday's results.

ARGYLL's figures, due on Tuesday, *are unlikely to contain any* major surprises, with pre-tax profits approaching the £64m forecast during the Distillers bid. The costs of that bid will be reflected in an extraordinary item of £30m below the line. *The rationalisation of stores* under the Presto and Lo-cost fascias has proceeded apace which means that some of the figures will be difficult to compare year-on-year.

What analysts will be watching most closely is the tone of the presentation. They will want to see that the Distillers bid has been forgotten and that *the company is confident about* its future without the whisky group.

HAMBROS *has also made a* profits forecast, in the context of its offer for all the shares in Hambro Trust. Tuesday's preliminary figures are expected to show profits of £41.1m with earnings per share of 24p.

The shares have veered in all directions on bid speculation since the announcement of the plan to separate the two branches of the Hambro family. The remaining branch, led by *Charles Hambro will announce* a strategy for the company based around the UK's largest estate agency, Bairstow, Eves, Mann & Co.

This year will be crucial for Hambros as it will become apparent whether it was wise to stay aloof from the new securities markets and the City will be watching closely to see whether its alternative strategy makes sense.

CHARTER CONSOLIDATED is due to report its preliminary results on Wednesday. After a disastrous set of figures in 1985, when profits slumped from £37m to £16.5m, profits are expected to bounce back to around £33m.

The reason is less that Charter has performed particularly well than that Cape Industries has eleminated its losses through rationalisation and that Johnson Matthey, in *which Charter has a 28 per cent* stake, has made a substantial recovery. Help will also have come to Anderson Strathclyde in the end of the miners' strike.

The City will also be watching for hints about how Charter intends to use the £48m it raised through the sale of its stake in Mercury International in May.

Shares in BPB have firmed considerably ahead of what are expected to be very good preliminary results on Wednesday. The buoyancy of the housing market has fed through into the plasterboard industry dominated by BPB. *With borrowings now* down to virtually zero and costs firmly under control, BPB's profits are expected to be around £96m, compared with £78.6m a year ago. Although some profit-taking may occur immediately after the announcement, the outlook for the housing market is such that *analysts are looking for further* increases in pre-tax profits to around £110m this year.

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINALS				
Anchor International Fund	Friday	—	—	—
Anderson Strathclyde	Wednesday	—	—	—
Argyll Group	Tuesday	2.1	4.15	2.65
Ariel Leisure	Tuesday	—	—	—
Bermuda International Bond Fund	*Friday*	—	—	—
BPB Industries	Wednesday	3.1	4.6	3.5
Brookmount	Tuesday	—	—	—
Brown and Jackson	Thursday	—	—	—
Brown and Tawse	Monday	2.0	4.5	2.2
Burtonwood Brewery	Thursday	2.5	7.5	2.5
Cable and Wireless	Wednesday	2.9	4.9	3.5
Centrovincial Estates	Thursday	3.0	3.0	3.0
Channel Tunnel Investments	Tuesday	—	—	—
Charter Consolidated	*Wednesday*	3.75	7.25	3.75
Cheshire Wholefoods	Wednesday	—	—	—
CH Industrials	Thursday	0.45	1.66	0.5
James Cropper	Monday	0.6	1.65	0.85
ERF (Holdings)	Wednesday	—	—	—
First Security Group	Monday	—	—	1.2
Greycoat Group	Wednesday	0.75	1.0	0.95
Halma	Tuesday	0.779	1.25	0.854
Hambros	Tuesday	—	—	—
Health Care Services	*Tuesday*	—	—	—
Howard and Wyndham	Wednesday	—	—	—
Illingworth Morris	Monday	—	0.909	1.25
Jantar	Wednesday	—	2.5	—
Kewill Systems	Thursday	—	—	—
James Latham	Thursday	5.0	8.25	5.0
London Investment Trust	Monday	0.441	0.721	0.469
Mansfield Brewery	Tuesday	2.25	6.0	2.25
Marston, Thompson and Evershed	Friday	0.622	1.328	0.7
John Michael Design	*Friday*	—	—	0.4
MK Electric Group	Wednesday	3.4	8.8	3.4
The Plantation Trust	Monday	—	—	—
Racal Electronics	Monday	0.767	2.268	0.767
Rothmans International	Tuesday	2.2	4.2	2.2
Stonehill Holdings	Thursday	3.0	3.0	3.0
Volex Group	Monday	2.5	5.0	3.0
Walker and Staff Holdings	Thursday	—	1.7	—
Wellman	Thursday	—	—	—
Whitecroft	Monday	2.3	5.4	2.5
Wintrust	Tuesday	1.6	3.2	1.8
Zambia Consolidated Copper Mines	Wednesday	—	—	—
INTERIMS				
Adam Leisure Group	Thursday	—	—	
A. G. Barr	Wednesday	1.75	6.7	
Charles Baynes	Wednesday	0.55	1.0	
Clyde Blowers	*Friday*	0.62685	5.99316	
Bett Brothers	Thursday	1.2	1.9	
Burns-Anderson	Monday	1.25	1.45	
Chemring Group	Thursday	5.0	8.5	
Eldridge Pope and Co	*Wednesday*	2.4	3.5	
Greenwich Cable	Monday	—	—	
Habit Precision	Tuesday	0.6	1.15	
Hardys and Hansons	Wednesday	5.0	11.9	
KLP Group	Tuesday	1.2	1.8	
LPA Industries	Tuesday	1.166	1.333	
Morceau Holdings	Wednesday	1.2	2.5	
Nash Industries	Tuesday	—	0.5	
Newman Tonks	Thursday	1.65	3.85	
Speyhawk	Thursday	2.52	7.0	
Torchmark Corporation	Thursday	—	—	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 29%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	4.30	4.39	3.40	2.47	monthly	1	—	7
High interest cheque	7.20	7.49	5.73	4.17	quarterly	1	2,500 minimum	0
Three-month term	6.50	6.66	5.16	3.75	quarterly	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	5.25	5.32	4.12	3.00	half yearly	1	1-250,000	0
High interest access	7.00	7.00	5.42	3.94	yearly	1	500 minimum	0
High interest access	7.25	7.25	5.62	4.08	yearly	1	2,000 minimum	0
High interest access	7.50	7.50	5.81	4.23	yearly	1	5,000 minimum	0
High interest access	7.75	7.75	6.00	4.37	yearly	1	10,000 minimum	0
90-day	7.75	7.90	6.12	4.45	half yearly	1	500 minimum	90
Premium	7.69	7.91	6.13	4.46	quarterly	1	10,000 minimum	90
NATIONAL SAVINGS								
Investment account	10.75	7.63	5.91	4.30	yearly	2	5-50,000	30
Income bonds	12.00	9.00	6.97	5.07	monthly	2	2,000-100,000	90
31st issue‡	7.85	7.85	7.85	7.85	not applicable	3	25-5,000	8
Yearly plan	8.19	8.19	8.19	8.19	not applicable	3	20-200/month	14
General extension	8.01	8.01	8.01	8.01	yearly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	7.42	7.56	5.85	4.26	half yearly	1	2,500 minimum	0
Schroder Wagg	6.45	6.64	5.15	3.74	monthly	1	2,500 minimum	0
Provincial Trust	7.66	7.93	6.14	4.47	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
7.75pc Treasury 1985-88	8.79	6.52	5.27	4.00	half yearly	4	—	0
10pc Treasury 1989	8.98	6.14	4.58	3.11	half yearly	4	—	0
10.25pc Exchequer 1995	9.40	6.52	4.93	3.44	half yearly	4	—	0
3pc Treasury 1987	6.29	5.49	4.91	4.44	half yearly	4	—	0
3pc Treasury 1989	6.42	5.50	5.00	4.52	half yearly	4	—	0
Index-linked 1990¶	7.70	7.11	6.79	6.49	half yearly	2/4	—	0

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Prices in pence unless otherwise indicated.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
AE	196§	239	182	192.94	Turner & Newall
Aitken Hume	175½	153	158	80.49	Tranwood
APV	693	672	350	219.11	Siebe
Assoc Heat Srvcs	490*§	450	440	*39.20*	*Cie General de Chauffe*
Authority Inv	130*	280	128	6.60	Messrs Backhouse Cmpbll & Innes
Benford Concrete	86	88	88	19.07	Blackwood Hodge
Benford Concrete	90†§	88	83	19.96	BM Group
Berisfords	140§	115	112	7.67	Allied Textile
Biddle Hldgs	*160**	*170*	*165*	*6.40*	*Kone (UK)*
Biddle Hldgs	170*	170	172	6.80	Myson Group
Bootham Eng	672	610	420	6.99	Dowding & Mills
Brickhouse Ddley	119§	135	112	18.50	Glynwed Intl
Brown (John)	31	29	23	79.10	Trafalgar House
Burnett & Hallam	19½	18	22	7.55	Anglo Utd Dev
Clarke (Clement)	241	230	240	19.28	Boots
Com. Bk of Wales	70*	69	76	16.80	Bank of Scotland
Ctry Gentlemens	£13¾	£16½	775	10.25	Bestwood
Ctry Gentlemens	£12¾	£16½	775	9.50	Fredericks Place
CPS Computer	6¾*	9††	9††	1.67	Inspectorate Intl
Duport	136	130	125	73.87	*Williams Hldgs*
First Security	150*	155	140	18.00	Brit Car Auction
Ford (Martin)	70*	70	77	10.94	Iridium
Gable House	217	210	203	16.79	Ladbroke
Hampton Areas	150*	156	128	40.92	*Metals Expln*
JSD Computer	175	165	155	9.54	Hestair
Land Investors	76*	75	73	74.05	BCPH
Lngtn Indl Hldgs	215	210	210	13.49	Thomson T-Line
McKechnie Bros	273	262	222	164.35	Evered
NSS Newsagents	210*	210	182	67.40	Gallaher
Park Place¶	335*	330	308	44.96	Wolters Smsn Grp
Pritchard Servs	*129*	*128*	*85*	*149.08*	*Hawley Group*
Roberts Adlard¶	260†	240	230	12.48	Bowater
Rotaflex	449	448	210	49.65	Emess Lighting
Samuel (H.) Ord	344§ §§	325	325	23.57	Ratners
Samuel (H.) 'A'	143½§§	137	135	117.95	*Ratners*
Samuel Props	270§§	262	253††	90.12	Clayform Props
SGB Group¶	377§ §§	374	324	161.22	Mowlem (J.)
Stndrd Chartered	750§§	807	873	1.167bn	Lloyds Bank
Stndrd Fireworks	152§	147	155	8.55	Scott Heritbl Tst
Stock Conversion¶	720†	685	705	397.61	P & O
Warehouse	£15.76	£15	£13	10.85	Freemans
Whitworth's Food	*52½*	*44*	*63††*	*5.71*	Booker McConnell
Woolworth Hldgs	816	760	633	1.820bn	Dixons Group
Yarrow	847§§	810	630	33.88	CAP Group

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on June 20 1986. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. |||| Loan stock. ‡‡ Suspended. || Swedish kronor. *a Cash offer; alternative paper offer made.* b Cnv. Prf. alternative.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Alexon Group	Mar	3,460	(2,040)	16.3	(8.8)	3.25	(2.2)
Allied Colloids	Mar	19,540	(19,270)	9.5	(9.4)	2.5	(2.3)
Alphameric	Mar	2,130	(1,310)	9.8	(5.2)	1.5	(0.7)
Amersham Intl	Mar	17,500	(17,100)	24.5	(21.2)	7.0	(6.0)
Apricot Comp	Mar	15,400	(10,600)	—	(—)	0.35	(1.5)
Assoc Heat Serv	Mar	4,320	(3,021)	35.8	(21.7)	14.0	(11.0)
Baker Perkins	Mar	16,330	(13,050)	7.5	(6.8)	7.5	(6.75)
British Land	Mar	21,100	(11,800)	—	(—)	3.0	(2.5)
Brit Steam Spec	Mar	5,620	(3,710)	24.5	(14.2)	7.75	(6.25)
Brown Shipley	Mar	3,110	(3,430)	21.4	(24.8)	9.5	(9.25)
BT	*Mar*	*1,810,000*	*(1,483,600)*	—	(—)	7.5	*(6.75)*
Cape Industries	Mar	3,330	(4,490)L	8.0	(—)	2.0	(—)
Chmbrlain Phipps	Mar	5,140	(5,640)	6.9	(7.6)	4.08	(3.85)
Chloride	Mar	500	(14,900)	—	(—)	—	(—)
CML Micro	Mar	1,540	(1,350)	10.1	(9.9)	1.8	(1.4)
Cohen, A.	Dec	1,250	(2,420)	6.6	(57.1)	10.8	(10.5)
Courtaulds Cl	Mar	19,530	(15,030)	18.6	(14.8)	—	(—)
Cranswick Mill	Mar	840	(685)	11.6	(10.0)	2.66	(—)
Cullens	Mar	1,750L	(—)	—	(—)	—	(—)
Davis, Godfrey	Mar	4,550	(3,750)	11.6	(9.8)	4.5	(3.75)
Dawson Intnl	Mar	42,100	(35,083)	18.5	(15.6)	6.2	(5.47)
EMAP	*Apr*	*10,170*	(7,700)	10.5	(7.3)	3.8	(3.0)
Erskine House	Mar	2,780	(2,020)	10.7	(7.8)	3.2	(2.5)
Feedback	Mar	316	(608)	2.8	(3.4)	1.25	(2.75)
Fergabrook	Dec	1,750L	(2,580)	—	(—)	1.2	(3.2)
GEI	Mar	4,510	(4,270)	7.9	(7.3)	5.85	(5.85)
Goldsmith Group	Feb	857	(1,620)	10.9	(14.5)	7.5	(7.5)
Granyte	Feb	1,260	(945)	5.9	(5.4)	2.1	(—)
Hazlewood Foods	Mar	11,110	(6,090)	—	(—)	9.5	(13.5)
Intl Signal	Mar†	46,500	(40,000)	—	(—)	3.0	(2.5)
Johnson Matthey	Mar	30,100	(20,100)	14.7	(8.6)	2.5	(—)
Lanca	Dec	249	(260)	1.8	(1.9)	0.38	(0.38)
London Intnl	Mar	*24,060*	*(18,797)*	12.1	(9.8)	4.6	(3.9)
London & Midland	Mar	7,160	(7,730)	17.8	(17.1)	9.95	(9.3)
Lynton Hldgs	Mar	2,370	(1,439)	14.4	(13.2)	7.26	(6.05)
Marshalls Hal	Mar	7,190	(—)	12.1	(14.5)	5.25	(4.5)
Meyer Intl	Mar	32,080	(30,320)	22.6	(20.4)	5.75	(5.25)
Millward Brown	Mar	902	(508)	—	(—)	—	(—)
Mitchell Somers	Mar	2,430	(1,560)	9.9	(6.8)	3.85	(3.25)
Mountview Est	Mar	5,440	(4,380)	65.3	(48.1)	5.0	(4.5)
Oodles	Mar	112	(—)	—	(—)	—	(—)
Oxford Inst	Mar	17,220	(9,160)	22.9	(12.2)	1.8	(1.2)
Parkdale Hldgs	Apr	902	(368)	6.5	(2.5)	1.6	(1.0)
Property Part	Mar	1,130	(1,120)	14.8	(12.4)	6.0	(5.2)
RFD	Mar	2,400	(1,900)	9.7	(7.4)	5.12	(3.73)
Scapa Group	Mar	29,160	(27,400)	40.9	(43.1)	8.1	(7.3)
Scott Greenham	Apr	3,090	(2,090)	10.0	(8.5)	3.3	(—)
Somic	Mar	99	(100)	3.5	(4.1)	2.0	(1.5)
Std & Smpsn Ord	Mar	5,160	(5,160)	5.3	(5.0)	3.55	(3.3)
Swan, John	Apr	123	(139)	12.0	(12.9)	—	(8.5)
Unigate	Mar	*82,800*	*(63,600)*	*24.6*	*(18.3)*	*9.7*	*(8.2)*
Waddington, J.	Mar	6,410	(5,723)	52.0	(57.6)	13.0	(12.0)
Walker, C. & W.	Feb	494	(554)	2.6	(2.6)	0.75	(—)
Wigfalls	Mar	355	(62)L	0.7	(—)	2.5	(—)
Yellowhammer	*Mar*	1,230	(650)	6.9	(3.2)	1.6	(—)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
African Lakes	Jan	333L	(383)	—	(—)
Anglia TV	Mar	4,210	(944)	3.75	(3.0)
Carroll Ind	Mar	6,180	(6,040)	2.8	(2.8)
Countryside Prop	Mar	1,300	(859)	2.25	(2.03)
Fenner, J. H.	Mar	1,010	(643)	2.0	(2.0)
Flexello	Mar	268	(433)	1.3	(1.2)
Greenwich Res	Mar	2	(160)L	—	(—)
Guinness	*Mar*	59,300	(35,200)	2.24	(2.0)
Hawtin	Mar	632	(525)	—	(—)
Horne, Robert	Mar	4,420	(4,260)	1.5	(1.25)
Lee, Arthur	Mar	1,600	(1,540)	0.8	(0.6)
London Scot Fin	Apr	954	(845)	0.9	(0.72)
Lookers	Mar	1,250	(1,010)	2.0	(1.6)
Lovell, Y. J.	Mar	3,250	(2,520)	1.7	(1.55)
Maxiprint	Nov	84L	(—)	—	(—)
Microscope	Apr	284	(431)	0.53	(0.53)
Moss Advert	Feb	7	(231)	1.0	(—)
Nth Brit Steel	Apr	23	(430)L	—	(—)
Plaxtons	Mar	62	(402)	1.5	(1.5)
Yelverton	Apr	6	(17)	—	(—)

(Figures in parentheses are for the corresponding period.)

* Dividends are shown net pence per share, except where otherwise indicated. † Figures in $. L Loss.

SCRIP ISSUES

EMAP—Three for four.
Hazlewood Foods—Two for one.
Seapa Group—One for one.
Waddington, J.—Four for one.

OFFERS FOR SALE PLACINGS AND INTRODUCTIONS

Borland International—Offer for sale of 1.25m shares at 125p.
Beaverco—USM placing of 2.1m shares at 145p.
Coated Electrodes International—USM placing of 3.46m shares at 84p.
Smallbone—USM placing of 1.47m shares at 165p.
Soundtracs—USM placing of 2m shares at 40p.
Thames TV—Offer for sale of 17m shares at 190p.

RIGHTS ISSUES

Antofagasta Holdings—To raise £4.85m through a one for six rights issue at 470p.
De la Rue—To raise £64.9m through a one for five rights issue at 880p.
Erskine House—To raise £10.1m through a one for two rights issue.
Fergabrook—To raise £2m by issuing 12 per cent convertible unsecured loan stock 1992-97. It will be allotted on basis of £2 nominal loan stock for every 25 shares held.
International Signal and Control—To raise £70.5m through a one for four rights issue.
Yelverton Investments—To raise £1.74m through a one for two rights issue at 38p.

Mysterious rise in the East

SOMETHING odd is happening on the stock market in Singapore. For the past month, prices have been soaring. No one can offer a simple explanation why, yet few professional analysts feel the trend can last.

The magnitude and speed of the rise have surprised everybody. In 21 trading days since May 20, the widely-watched Straits Times index of 30 industrial stocks has climbed 172.22 points to 762.41. Daily volumes of shares traded have expanded to reach 30-35m this week.

This compares with the index's 44-month low of 563.3, hit at the end of April, and the miserable volumes, sometimes around 5m shares, seen earlier this year. At one point the market was more than 46 per cent off its peak of February 1984, when the ST index reached 1071.9.

With the trend spilling over into neighbouring Malaysia, the question arises: is this the time when Singapore, Asia's most important market after Tokyo and Hong Kong, finally starts catching up with the boom in the rest of the world's markets? Or is it a passing burst of bullishness in a protracted period of gloom?

The question is important because this week's levels were last seen before the suspension of Pan-Electric Industries in November 1985. Pan-Electric's collapse a short while later led to the unprecedented three-day closure of the market at the beginning of December because the company's forward share contracts threatened a chain of broker defaults. The market subsequently plummeted.

To hear some Singaporeans, the run-up now being witnessed is The Big One, a sentiment reflected in the local press. "Buying rampage" was how the Business Times described one day's business this week. Splash headlines accompanied news that Singapore was the world's best performing equity market in May.

In support was a London chartist named David Fuller who predicted that the ST index would "be closer to 1,000 than 600" a year from now. He said government tax cuts, lower employer contributions to employees' compulsory savings in the Central Provident Fund (CPF), and a weaker Singapore dollar would all help corporate profits.

However, London stockbroker Phillips & Drew was more sober. This week, it said now was not the time to go back into the Singapore market, at least on fundamentals. "Any decision to invest now," they declared, "would amount to a significant act of faith."

Singapore

The bulls have also drawn comfort from vague hints of a patchy economic recovery. These have appeared in Singapore's oil refining, electronics and ship-repair sectors. But the trend is not helping profits, and the impact on the stock market seems exaggerated.

Even Lee Kuan Yew, the Prime Minister, and his son, Brig-Gen Lee Hsien Loong, Acting Minister of Trade and Industry, have for their own reasons publicly cautioned Singaporeans against being misled by signs of a return to growth in the economy.

The factor most often cited for the Singapore rally is a new scheme allowing individuals to put some of their CPF savings into selected Singapore stocks. The local press has suggested some S$2.3bn is available for investment under the scheme. The true figure is unlikely to exceed one-third of this.

Either way, only S$25m entered the market in the first month after the scheme began on May 1, though an up-to-date figure might be closer to double this. No one doubts the importance of the change since it represents real investment in the market. But so far it is not enough to account for the market's performance.

If the buyers pushing up prices are therefore individuals and institutions, local and foreign, no one knows in what proportions. Singapore's corporate sector, including state-run companies, is cash-rich. So are its statutory boards. The Big Four local banks now have their own broking operations. All could be in the market. Foreign interest has also grown.

Baser instincts are at work too, swamping calculations of price-earnings ratios which suggest investors are now discounting the return to profits expected in 1988 and the general analysis of the Singapore dollar's weakness.

Locally these instincts are those of the Chinese gambler who, despite being burned over the past year, sees an opportunity in a rising market to deal his way out of difficulty with his bankers. Some analysts say the rally's timing ahead of the end of the June quarter is no coincidence.

Abroad, they are the instincts of the average fund manager who hates being out of an important market like Singapore for long and doesn't want to be left out when the recovery emerges. These overseas investors got out of the Singapore market last year. Japanese funds, confronted with a rising yen, are said to be leading the way back.

If the forced selling is therefore over, it is the intangible factor called "sentiment" which appears to have lifted the market from its bottom. Whatever the causes—snippets of better economic news, the catalyst of the CPF scheme, or an end of forced selling—there is suddenly good two-way business and analysts agree that the market is unlikely to fall back to its 1986 lows.

The difficulty lies in predicting how far the trend will go. For the moment, few professional analysts doubt that the rally has moved too far too quickly, that the market is overbought and the recovery will wear itself out because of a lack of follow-through and momentum. But they won't say whether it will happen next week or next month.

Chris Sherwell

Much ado over price of gold

NOBODY, it seems, is expecting much increase in the gold price—at least, in the near future—but generally speaking the mines are happy enough about the present level. That complacent attitude, however, is not good enough, according to some speakers at this week's Financial Times conference on gold in London.

Julian Baring, of stockbroker James Capel, made the point that the gradual increase in gold production would lead to a fall in its price unless something was done to stimulate new demand for the metal. So, his message to the world mining industry was to spend more money on promoting gold, pointing out how well De Beers has done in selling diamonds.

Timothy Green, a consultant to Consolidated Gold Fields, reckons the answer is to promote higher carat gold jewellery than the 9 carat quality that is usually sold in England at retail prices equivalent to three or four times the price of its basic gold content.

The purest gold is that of 24 carats, but it would be too soft in that form for normal use. So, alloys of other, harder metals are mixed with it. These consist of copper, silver and zinc in the case of the usual yellow gold jewellery; more copper, but less silver, gives red, or pink gold; white gold contains an alloy of nickel or palladium.

The more alloy mixed with the pure gold, the lower the caratage. In general, the purest gold jewellery is of 22 carats, although 18 carats is very nice as far as Timothy Green is concerned. The trouble is that higher gold content items might well find price resistance on the part of customers unless the jewellers can be persuaded to reduce their profit margins.

As far as investment is concerned, gold represents a hedge against the weakening effect on currencies of inflation. At the moment inflation is not of any great general concern, but it is interesting to note that Rolf Willi, general manager and treasurer of the Dresdner Bank, says it still advises conservative long-term investors to keep 10 per cent of their funds in gold.

Others prefer dividend-paying gold mine shares, of course, but most of these are South African with all the attendant worries. The South African Ministry of Finance has denied that it plans to make the companies use low-value financial rands for dividend payments to foreign investors in place of the higher value commercial rands, but the imposition of new economic sanctions could change the picture.

Meanwhile, Canada's Placer Development is making the long awaited flotation in Australia of its Pacific gold interests. Originally, it was expected that the company would offer only shares in its big Kidston gold mine in Queensland in order to reduce the Canadian company's holding to 55 per cent from 70 per cent in line with Australian foreign investment guidelines.

The A$128.7m (£59.4m) flotation just announced takes the form of a public offer of 21.4 per cent of the shares in the new Placer Pacific subsidiary.

Mining

This company holds not only the parent's interest in Kidston but also various Australian gold prospects and—notably—two promising gold deposits in Papua New Guinea.

The PNG deposits, which will almost certainly be taken to production, consist of a one-third interest in the large and high grade Porgera find and a stake in the lower grade prospect on Misima Island. In all, Placer Pacific's total share of present and future gold output from its various ventures could eventually reach an annual 700,000 oz, it is thought.

This, of course, remains to be seen. Still, Placer Pacific is shaping up to become one of the new generation of major Australian gold mining houses that, I believe, will eventually take over from the present set-up of many small fry working the short-life and quick payback gold deposits.

● The Australian Alan Bond group's Metals Exploration claims to have acquired 32.3 per cent of London's Hampton Gold Mining Areas as a result of its cash bid for the latter of 150p per share. Metals Ex adds that it regards the offer—which is open until July 2—as final in the absence of any competitive bid. Hampton Areas continues to advise its shareholders to reject the bid.

Kenneth Marston

Day of reckoning arrives again

"DAY OF the 'witch' casts spell on Street" screamed the headline in the business section of a New York tabloid yesterday morning as Wall Street braced itself for the passing of the "triple witching hour" — the final hour of trading yesterday.

This event, which has taken on an almost cosmic significance in the eyes of both big and small investors, occurs only four times a year when stock index futures, index options and individual stock options expires simultanously. It is the day of reckoning for the professional investors who use powerful computers to make money by arbitraging stock index products when they move out of line with the underlying shares.

By yesterday afternoon, the big players had decided whether to close out existing positions or roll them over into the next expiration cycle. The last time this occurred, on March 21, the Dow Jones Industrial Average plunged by 28 points in the final 30 minutes of trading. Although the index rose by 53 points in the following week and hit a record ,many investors have heeded the call to "beware of the witching hour" and have stayed on the sidelines while the computer trading grogrammes battle it out among themselves.

The more bullish analysts believe that with the passing of the "witching hour" the market can concentrate once again on testing the new high ground. However, the technical analysts remain worried about the weakness of trading volume in recent weks, the lack of breadth in the market, and the failure of the Dow Jones Transportation Index to confirm the past two record highs established by the Dow Industrial Average.

While the short term operators on Wall Street have at times appeared over-preoccupied by talk of the occult, there have been several other events this week-ranging from the resignation of Mexico's respected Finance Minister to a conservative reshuffle of the US Supreme Court — which could have an impact on investment sentiment in the months ahead.

Wall Street

The resignation of Mexico's Silva Herzog indicates that the financial difficulties of America's closest and most heavily indebted neigbour could be entering a more troublesome phase; and George Will, a leading conservative US commentator, summed up the changes at the Supreme Court as "important episodes in the process of lengthening the shadow today's President will cast into tomorrow."

In the near term, the financial markets are waiting for a ruling from the Supreme Court on the constitutionity of the controversial Gramm-Rudman deficit reduction legislation. If the court strikes down the law, it could spell trouble for the credit warkets where there is increasing talk of the need for further interest rate cuts to stimulate the flagging economy.

This week's downwards revision in the first quarter US gross national porduct figures, from a real growth rate of 3.7 per cent to 2.9 per cent, was just the latest in a string of official data which is painting a picture of an unexpectedly sluggish US economy. Whereas the Administration had been forecasting a 4 per cent growth in the economy in the coming year, experts like the economists at Morgan Guaranty, are predicting a growth rate of 2.5 per cent which is only marginally better than last year's 2.2 per cent.

However, first-quarter earnings were down by around 3 per cent and in present form the second quarter is unlikely to show much improvement. IBM, for example, sent out another gloomy message this week and, despite the help of a lower dollar, a growing number of analysts are beginning to think that the computer giant might show an earnings decline for the second straight year in 1986. This explains why IBM shares, at $145, are now nearly $7 lower than they were six months ago despite a 20 per cent rise in the Dow Industrial Average.

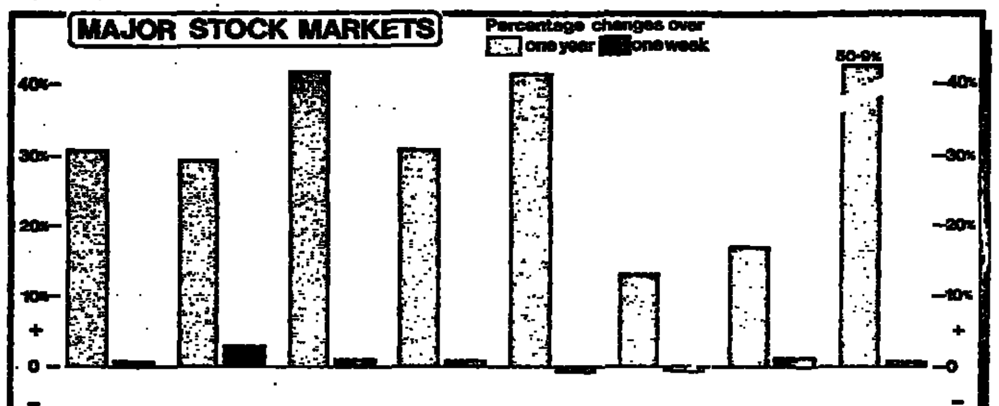
The shares of AT & T, IBM's lumbering rival, have done little better and at $25 are virtually unchanged from six months ago. However, the shares of many of the regional telephone companies have been bounding ahead. Bell South shares touched a new peak of $58¾ this week as did the shares of Nyrex $67½, Mell Atlantic ($70¾), US West ($53½) and Pactel ($53¾).

The biggest surprise of the week, though, was Thursday's news that Dart & Kraft, which produces everything from Kraft cheese to Tupperware containers, plans to dissolve its six-year-old merger. The news sent the shares $3¼ higher to $60¼. John Richman, who masterminded the original merger of Kraft and Dart industries, went out of his way to show that shareholders had done very well from the merger. A $100 investment in the company in 1980 would now be worth $534 (including the re-investment of dividends), which was more than double the performance of the Standard and Poor's index over the same period.

Nevertheless, he believes that shareholders will now benefit more by splitting up the two companies again.

MONDAY	1,871.77	— 2.42
TUESDAY	1,865.78	— 5.99
WEDNESDAY	1,868.94	+ 3.16
THURSDAY	1,855.86	—13.08

William Hall



Home loans boost

THE BRITANNIA Arrow group has launched a new subsidiary, City and Provincial Home Loans, to introduce the Clearway VIP interest-only endowment or pension mortgage. This confirms the increased competition for mortgage lending and offers borrowers the choice of a conventional repayment schedule or a low start repayment schedule, with the flexibility of switching from one to the other or to a schedule somewhere between the two.

In the first year borrowers opting for the Easy Payment Plan will pay only 70 per cent of the interest due. The monthly payments will the increase by 8.5 per cent a year for the next seven years. In the eighth year payments will then have to cover the full interest due.

So while the monthly repayments of a borrower with a £40,000 conventional interest-only mortgage over 25 years at 11.25 per cent — the current rate — would be £375, under the easy Payment Plan they would be only £262.50 in the first year.

But as with any scheme which defers interest, what is gained in the early years has to be paid for later. It actually increases the overall amount of the loan, and the interest paid after the fourth year will be based on this larger amount, which will continue to increase until the eighth year. Anyone redeeming the loan during the first four years will be subject to varying interest rate penalties.

Clearway VIP will lend up to 3.5 times the primary income plus the whole of the secondary income. Loans under the easy payment plan will be limited to 85 per cent of the valuation up to £50.000 and 80 per cent thereafter. Borrowers opting for a conventional mortgage can borrow up to 95 per cent of valuation up to £50.000 and 90 per cent above that. In both cases borrowers will have to take out a mortgage guarantee policy and pay an administration charge of £50, plus up to £100 plus VAT, in legal fees.

•

NATIONAL WESTMINSTER Bank is to launch its gold Mastercard on July 1. Aimed at personal customers earning at least £20.000 a year, the new card offers a £10,000 automatic overdraft at a preferential interest rate of 2.5 percentage points above the bank's base rate, with a minimum rate set of 10.5 per cent.

This is £2,500 more than the automatic overdraft facility offered by other gold cards. No arrangement fee will be charged for the overdraf.

Cardholders will also enjoy free banking whether or not they are in credit. In the UK they will be able to draw up to £1,000 a week from the bank's cash dispenser network and, using the card as a cheque guarantee card, cash personal cheques up to £250 from their current account at any NatWest bank.

They will also be able to draw cash from their Gold Plus Service account at any Mastercard bank displaying the Access sign, but will pay a 1.5 per cent service charge on the amount drawn.

Cardholders travelling abroad will be able to cash personal cheques of up to £250 a day.

•

AS PART of its new strategy of marketing its unit trusts to the general public, Vanguard Trust Managers, the unit trust subsidiary of Capel Cure Myers, stockbrokers, has launched a Far Eastern fund with a heavy emphasis on the Tokyo Stock Market.

Robert Craggs, the fund manager, expects to have about 90 per cent of the fund invested in Japanese stocks.

The fund will be actively managed with the aim of achieving higher returns than that of the Tokyo Stock Exchange (First Index).

Minimum investment is £500 and anyone investing in the fund during the next 14 days will receive a 2 per cent discount in the form of an additional allocation of units. There is no monthly subscription option at present but Vanguard plan to introduce this facility on all its funds later this year. There is a 5 per cent initial charge, plus an annual management charge of 1.5 per cent.

Towards the year 2000

PROFITING from the spread of AIDS (Acquired Immune Deficiency Syndrome) and the health problems associated with an ageing population may seem an unattractive proposition. But investors in a new fund called Health 2000 at least have the reassurance that some of the money made (if any) will be used to fund medical research.

Health 2000 is so named since it is based on the belief that by the end of the century the world will be facing two serious threats—an alarming increase in the spread of AIDS and the problem of coping (in the Western world, at least) with an ageing population.

The bulk of the investments will be in companies quoted on recognised stock exchanges in the US, Western Europe and Japan, but there is provision for up to 10 per cent of the net asset value to go into unquoted companies or research and development limited partnerships.

This is to allow the fund to benefit from any new discoveries that may result from its medical research programme, which will be under the guidance of Professor Sir James Black, professor of analytical pharmacology at King's College School of Medicine in London.

In return for his services the fund has agreed that at least 10 per cent of the amount available for research will go to his department.

The fund is the brainchild of Dr Rupert Holms, a biochemist who, after getting his PhD, joined the London office of Lombard Odier, one of Switzerland's oldest and largest private banks.

Dr Holms says Health 2000—an open-ended company in Jersey—hopes to attract more than $50m. Minimum investment will be $10,200 at the initial offer price for participating shares of $10.20 each for subscriptions received during June 3 and 24.

Unlike a unit trust, there is no front-loading charge but there is an initial charge of 2 per cent of the subscription charge, which is refundable to intermediaries and investors putting more than $100,000. Management fees will be 1 per cent, with 10 per cent going into the medical research reserve account.

It is intended to distribute substantially all of the net income—including the interest on the research reserve account to shareholders in order to achieve "distributor status" for the fund.

John Edwards

How to benefit when abroad

Linda Lennard checks the DHSS regulations affecting travellers

IF YOU are one of the millions who receive some form of social security and want to go abroad this summer you may be unsure how this will affect your benefit. The answer is not straightforward—it all depends on the benefit concerned and your own particular situation.

With retirement and widows' pensions the position is straightforward. Your right to these benefits is not affected if you go abroad. Normally, though, if you go abroad for longer than three months, you will be entitled to receive only the annual increases in benefit (when the benefits are uprated each year) if you go to an EEC country or one which has a reciprocal agreement with the UK.

What happens if you are receiving sickness or invalidity benefit, or severe disablement allowance? You can still receive benefit if you have been incapable of work for less than six months and go abroad for a temporary stay specifically to obtain medical treatment for a condition which began before you left the UK. But the treatment does not have to be the sole reason for your trip, though going away just to convalesce is not enough. You must be receiving treatment from someone though it does not matter if the particular form of treatment is also available in this country.

If you have been unable to work through sickness or disability for more than six months, you can normally continue to receive these benefits during a temporary absence abroad—a decision usually taken by the local DHSS office.

Attendance and mobility allowances can be paid during a temporary absence abroad of up to 26 weeks. If you want to stay longer, then the DHSS may agree to continue the benefit. But your absence must still be temporary and specifically for medical treatment for a condition which began before leaving the UK.

If you receive invalid care allowance (ICA) because you act as carer for someone on attendance allowance—you can be paid ICA for the first four weeks of a temporary stay abroad. But if you are going abroad to care for that person during the stay, ICA can be paid for as long as attendance allowance is paid.

Statutory sick pay (SSP) is payable by employers for the first 28 weeks off sick. If you fall sick abroad you should normally be entitled to SSP when you return to the UK for a period of illness which took place while on holiday in an EEC country. Your employer may well want medical evidence. SSP is not, though, payable for periods of sickness in a country outside the EEC.

Child benefit is payable for the first eight weeks of a temporary absence abroad. Again, this can be extended in some situations—for example if your child is abroad specifically to get treatment for a medical condition which began before leaving the UK.

For the unemployed, benefit is not normally payable for time spent abroad.

But there is one exception. If you have been receiving unemployment benefit for at least four weeks and then go abroad to an EEC country to look for work, you may be able to continue to receive the benefit for up to three months.

Supplementary benefit is not paid when you go abroad if as a condition of getting benefit, you are required to sign on as available for work in this country.

But if you do not have to sign on, supplementary benefit can be paid for the first four weeks of a temporary stay abroad, as long as you continue to meet the other qualifying conditions for being paid the benefit.

And, if you are on housing benefit, the local authority will usually ignore temporary absences abroad so your benefit should not be affected while you are on holiday.

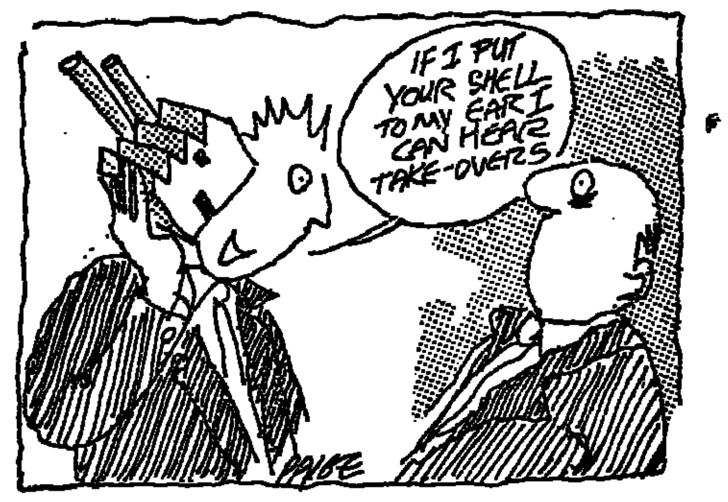
So that you can set off on holiday without the lurking worry of whether you are jeopardising your benefit position, do find out the rules about your particular benefits before finalising your plans. You should inform your local DHSS office anyway before your trip.

If you do need the agreement of the Secretary of State for your benefit to continue while you are abroad (if you have been sick and incapable of work for less than six months) and it is refused, you may well have problems—there is no right of appeal. But it is worth enlisting help from your family doctor.

For general information and advice on how going abroad might affect your benefit position, contact your local DHSS office, Citizens Advice Bureau or welfare rights office. Leaflets are also available free from DHSS offices, including SA.29 "Your Social Security and Pension Rights in the European Community" and NL38 "Social Security Abroad."

Investor's Tale

Kevin Goldstein-Jackson on what he looks for in takeover candidates



Tempting bids

LAST YEAR, my wife felt she was the most wanted woman in the world. Proposals and tempting offers kept arriving in the post: she was an ordinary shareholder in Debenhams and its directors as well as those of the Burton Group were trying to woo her. In the end, she opted for Burton.

Holding shares in a company involved in takeover activity can be exciting and profitable. It probably is one of the few times that a shareholder really feels "wanted" by the management. But how do you decide on likely takeover candidates? I look for one or more of these characteristics in a company:

1—Another company already owns a fairly large shareholding in it.

2—It has a low capitalisation, a full stock market quotation, and might be suitable as a "shell" company into which someone can inject new assets.

3—It has assets worth considerably more than its share price and a management (or large family shareholding) which might be persuaded to do a deal.

4—It is in an area of activity where its p/e ratio is relatively low compared with its competitors so that a rival could reduce its own p/e by taking it over.

5—It is in some other way a special situation.

In category 1 is NNS Newsagents, in which my wife bought shares in April for 150p. We felt that the 17 per cent share stake held by the "troubled" UK Provident would eventually be used by another company to launch a takeover bid, and publisher D. C. Thomson already owned more than 10 per cent of NSS. Gallaher recently made such a bid, offering 210p a share.

London Entertainment shares, which I bought for 50p in December 1985, is in category 2. It has fewer than 4m shares on issue; and since the family of the late Sir Emile Littler has control over a large percentage of the company, it might possibly be interested in a takeover approach.

In March 1984, I bought shares in Bronx Engineering for 17p. Again, it has a relatively low capitalisation (12.5m shares), assets of more than 22p per share, the Crosthwaite family holds more than 20 per cent of the shares, and it could possibly appeal to a private engineering group wanting to do a reverse take-over.

In category 3 is British and American Film Holdings. I bought shares in this company for 183p in July 1985, and according to the chairman's report in May this year the net asset value of shares, excluding film rights, was 412.7p (largely shares in quoted companies). The films (which include Oliver) were in the books at nil valuation.

In category 5 is East Rand Consolidated, which I bought in April for 49p per share. Earlier this year, NMC Investments became 50.1 per cent-owned by Charles and Maurice Saatchi and Norman Gordon. NMC's share price rocketed from 14½p to 128p. East Rand Consolidated owns 24.4 per cent of NMC and yet its shares do not seem to have reflected this in its price. And the chairman of East Rand Consolidated has a large shareholding in the company.

I bought shares in Inchcape for 305p in December 1985 because I felt that the company had rather lost its way. My view of this was reconfirmed when I received a copy of its 1985 report showing that profits were well under half what they had been in 1977. As Lonrho seems keen to expand in the Far East, I hoped it would make a take-over bid for Inchcape: they have many similar activities, such as overseas motor vehicle distribution companies and general interests.

merchanting and agricultural

In all these situations I generally take a three-year view, using only that part of my assets which I am prepared to see earn relatively little income. I did not expect all of the companies to be involved in takeover activity but hoped some of them might be.

Incidentally, I am only a private investor and not a "professional player" so I take no responsibility should other people buy any of these shares.

Cash on the court

IF YOU have been gripped by Wimbledon fever, you might be thinking of building a court of your own where you can live out your tennis fantasies. A good all-weather court costs around £8,000 including the surrounding netting. You can get a grass court for around £3,000 — less if you have a suitable lawn.

Normally, the cheapest way of raising the cash is to top-up your mortgage, but lenders have varying attitudes to this kind of proposal. Some building societies still charge an increased rate of interest. Many have no hard and fast rule, with each individual case taken on its merits.

A lot depends on the lending climate and the funds available. In the past, you were more likely to be charged an extra 1 or 2 per cent for a luxury item such as a tennis court or a swimming pool than for roof repairs or a new kitchen, but this is changing due to the present glut of mortgage funds.

Some banks refer you to their home improvement loans, which are more expensive and generally less advantageous than a house mortgage. However, the NatWest is prepared to lend money on a home loan basis to build a tennis court, provided the margin of security is sufficient.

Unfortunately, the addition of a tennis court is unlikely to increase the market value of your property to a substantial extent — except perhaps to another tennis addict. Much depends on the size of your garden. One person's home improvement is another's expensive-to-remove eyesore.

The good news is that the Inland Revenue normally classifies a tennis court as a home improvement in the same category as a swimming pool and fencing and landscaping. Full tax relief is therefore allowable at your top rate on any interest you pay for money borrowed—provided, of course, that you have not already exceeded the £30,000 limit. Check with your own tax inspector to be certain.

Harold Baldwin

B.E.S.

A sixth fund for Lazard

Alice Rawsthorn on another way to invest your money

LAZARD Development Capital (LDC) has joined the stream of companies introducing business expansion scheme funds to the market early in the taxation year by launching its sixth fund.

In its five established funds, LDC—which is the subsidiary of Lazards merchant bank specialising in unquoted investments—has invested £18.8m in some 38 companies.

The sixth fund aims to raise a maximum of £4m for investment. Like its predecessors, the fund will channel that capital into an eclectic portfolio of at least five unquoted companies, although Lazard reserves the option of investing up to 25 per cent of the capital in public flotations.

Investors can subscribe to the sixth fund in multiples of £500, with the minimum subscription fixed at £2,000 and the maximum at £40,000. The application list will close on August 13.

In order to encourage investors to subscribe so early in the taxation year, Lazard plans to introduce an "end-of-year" fund to accommodate disappointed investors in the sixth fund.

The end-of-year fund will be introduced if the sixth fund is more than 90 per cent subscribed. Investors in the latter will be able to subscribe up to three times their sixth fund subscription in the end-of-year fund, which will adopt the same broadly based investment policy as the sixth fund and will close late in February.

The Lazard fund follows similar funds from Charterhouse, Oakland Management Holdings and Hoare Octogon which have been introduced within the past month or so.

In the early days of the business expansion scheme, funds tended to absorb the bulk of investment. As the scheme has matured, and investors have become more familiar with it, they have opted increasingly for investment in "direct" issues. As a

FINANCE & THE FAMILY

Risks of the warrant boom

Takeovers threaten investment trusts, warns Clive Wolman

FOR PRIVATE investors looking for a cheap and lightly-taxed way of investing in a diversified portfolio of equities, the recent popularity for issuing warrants among investment trusts has been a boon.

The number of investment trusts with warrants in issue has increased from nine to 44 over the last five years. In recent weeks however a new risk of holding warrants has become apparent following the fate suffered by the holders of warrants in Clive Discount Holdings.

Clive has been subject to a takeover bid from Prudential Bache securities, which is now reaching completion. The takeover would have made it difficult to exercise the warrants, which were due to expire only in 1995, because the shares in Clive are now owned wholly by Prudential Bache and will lose their stock market listing.

In the event, the terms under which the Clive warrants were issued stated that the warrants would have to be exercised immediately in the event of a takeover, otherwise all their rights would be extinguished. This is in accordance with a Takeover Panel rule passed last year which said that, in a takeover, only the intrinsic value and not the time value of warrants would have to be recognised (see below).

Although the time value of the Clive warrants was substantial, their exercise price was as high as 57p per share, while the value of the Prudential Bache offer for Clive was only 50p. Thus anyone exercising their warrants would have suffered a certain loss of 7p.

The warrant holders, many of whom had failed to read the let-out clause in the warrant terms, consequently found that their investment had become worthless.

Investment trusts account for about two-thirds of all the UK listed companies with warrants in issue. And in recent years investment trusts have been particularly vulnerable to takeover bids as a result of the typically large discount of the trusts' share prices to their net asset value. Predators have been attracted by the prospect of breaking up the trusts so they can realise their full asset value.

As far as the ordinary shares are concerned, the average 20 to 25 per cent discount to net asset value is a major attraction. It allows the investor to make a large windfall gain if there is a takeover bid. Even without such a bid, the share price discount will ensure an enhanced dividend yield which should more than offset the management charges. In contrast to a unit trust, investment trust management effectively comes free of charge.

But the prospect of a takeover could make the warrants of an investment trust a less attractive investment, as the takeover might destroy their time value. The three investment trusts with warrants which are considered to be most vulnerable to a takeover bid at present are Group Investors (whose warrants in any case have little time value), Hambros Investment Trust and New Darien Oil Trust.

There are, however, two important differences between the Clive warrants and those of most investment trusts.

Firstly, no investment trust has a clause similar to that in the Clive warrant terms, which denied warrant holders any rights if they failed to exercise their warrants in the immediate aftermath of a takeover.

Most leave open the question of whether any time value should be recognised by a bidder. For example, the terms of the Hambros Investment Trust warrants say only that the warrant holders will be allowed to exercise their subscription rights immediately after a takeover. But their subscription rights, if unexercised, would remain.

In two previous takeovers, for Atlanta, Baltimore and Chicago Regional Investment Trust and for West Coast and Texas Regional Investment Trust, the time value of the warrants was recognised. Although the Takeover Panel has subsequently changed its rules on the matter, the Association of Investment Trust Companies is now backing warrant holder rights.

The second difference is that nearly all investment trust takeover bids are priced at net asset value or within 5 per cent of net asset value. As the adjacent table shows (see column 8), the current price of the most attractive warrants, as recommended by stockbrokers Laing and Cruickshank, plus the subscription price for the shares, are at a discount to the fully diluted net asset values of the relevant trusts. Thus if there was an immediate takeover bid for any of these trusts at close to net asset value, the warrant holders would still make a profit, even if their time value was not recognised.

The table also shows (col. 4) how much extra you would pay if you bought the warrant and exercised it immediately instead of buying the share. The smaller the premium and the longer the period if the warrants expire (col. 5) the better the value and the lower the risk. As warrant holders receive no dividends, which make warrants more tax efficient for higher rate taxpayers, the lower the dividend yield on the ordinary shares, the higher the value of the warrants (see col. 6).

THE VITAL STATISTICS OF TEN INVESTMENT TRUST WARRANTS

(as recommended by stockbrokers Laing and Cruickshank)

	1 Warrant price	2 Share price	3 Gearing (times)	4 Warrant premium %	5 Years to expiry	6 Div yield %	7 Net assets per share	8 Discount to Nav %
Drayton Far East	83p	174p	2.1	5.7	4y 10m	0.9	215p	14.4
Edinburgh I. Trst	48p	143p	3.0	11.2	4y 1m	3.3	190p	16.3
F & C Pacific	57p	193p	3.4	9.8	8y	1.1	256p	17.2
Hambros I. Trst	40p	183p	4.6	18.5	8y 1m	3.5	257p	15.6
M. Currie Pacific	48p	133p	2.8	11.2	7y	0.6	155p	4.6
Murray Ventures	76p	372p	4.9	9.1	3y 5m	3.7	454p	10.5
SPRAIT (Ord)	74p	128p	3.7	1.1	8y 11m	3.6	185p	7.4
SPRAIT (Pref)		143p				7.6	111p	
Shires	34p	211p	6.2	2.4	7y 3m	3.8	224p	3.5
Throgmorton	109p	292p	2.7	4.1	6y 10m	4.6	370p	17.9
Witan	74p	205p	2.8	10.7	7y 1m	2.2	275p	17.5

Share and warrant prices were at mid-market on midday, June 19.

TIME VALUE AND THE CUSHION EFFECT

WARRANTS give you the right to subscribe for the shares of a company at a fixed price on a series of dates, often stretching into the more distant future, up to eight years away.

If they allow you to buy shares at a price below the market price of the shares at that time, you will make an immediate profit. In that situation, the warrants have "intrinsic value." But even if the subscription price is above the current market price of the shares, warrants with several years to run may still be valuable because of the likelihood that, at some time before their expiry date, the share price will have risen to above the subscription price.

The price at which warrants can be bought and sold in the stock market thus reflects both their intrinsic value, if any, and their "time value." The time value of long-dated warrants acts as a cushion against a volatile share price. If the share price suddenly falls to below the subscription price, the price of a long-dated warrant will not drop to zero, in contrast to the price of a traded option to buy the shares which has little true value as it typically lasts for only nine months.

The other difference between a warrant and a traded option is that a traded option is exercised against an existing holder of the shares. By contrast, warrant holders exercise their rights through buying shares issued by the company. Thus shareholders in a company whose share price has risen to well above the warrant subscription price will find their holdings diluted by the additional shares issued to warrant holders.

Although warrants are not as volatile and risky as traded options, they are more volatile than ordinary shares. For that reason, you should invest in warrants only a small proportion of the amount you would have invested in the ordinary shares in order to gain the same degree of exposure to the downside and upside risks. A rough guide to this proportion is suggested by the gearing ratio of the price of the warrants to the price of the ordinary shares.

As the table indicates (see col 3), you need invest only between one half and one sixth of the amount you would have invested in the ordinary shares. The rest of the money should be put in a safer medium, a building society, Government securities or National Savings certificates.

New issues lose gloss

THE PAST month or so has been something of a watershed for new issues; a month in which the market suddenly stopped welcoming new companies with what had begun to seem like unquestioning enthusiasm and became much, much more circumspect about the issues in which it was being asked to invest.

The most spectacular failure was that of Mrs Fields, the US cookie company. It surfaced on the London market as the USM's biggest-ever issue in a flurry of rhetoric about cookie cooking and cookie culture—and left 84 per cent of its shares with the underwriters.

Mrs Fields is a sound business with sound prospects. Yet, the issue opened on the same day that the National Westminster Bank mounted the largest rights issue the London market has seen. The issue was also deemed to be over-priced, with a multiple of 19.

Undoubtedly, Mrs Fields suffered from the antipathy of the London market to US companies which opt to float on the USM simply because it is cheaper and more accessible than their own markets. But the company has fared little better since dealings in its shares began. Mrs Fields came to the market with an opening price of 140p and, having reached a "high" of 130p, has since hovered at around 120p.

On a less spectacular level, Lopex, the marketing services group, which went public on a proposed capitalisation of £19.5m, received subscriptions for just 16 per cent of its shares; and Blick, which supplies time recording equipment, came to the main market with a prospective value of £29.4m, but left 66 per cent of its shares with the underwriters.

Lopex and Blick, like Mrs Fields, were felt to be over-priced and relatively uninspiring businesses which failed to shine among the crush of new issues. Both have fared rather better than Mrs Fields since dealings began, Lopex settling at a discount of 15p at 130p; and Blick at 140p compared with its opening price of 147p.

Despite this crop of failures, the market has received some successful new issues in the past month or so. The advertising and public relations group, Charles Barker, which came to the market on the day after Mrs Field's flotation and the National Westminster cash call, was 11 times over-subscribed. Yet, Charles Barker has had a relatively uneventful life since, with the shares rarely rising above the opening price of 150p.

A pair of property issues also fared well. Westbury House, the West Country house-builder which joined the stock market with a prospective value of £39.2m, was 11 times over-subscribed. Bredero, the residential and commercial property developer, came to the market with a proposed capitalisation of £29.5m and was 52 times over-subscribed. Thus, Bredero can claim the highest over-subscription since Superdrug's flotation three years ago.

Both Westbury and Bredero came to the market wtih opening prices of 145p and both have since gone to 160p, with Bredero's shares rising above that level.

Meanwhile, the Guthrie Corporation, the industrial holdings company which returned to the stock market with a capitalisation of £123m as the largest main market new issue of the last month, was modestly over-... shares have risen slightly above the opening price of 150p.

These successes apart, the City is still distinctly jittery about the prospects of new issues. Target, the life assurance and unit trust group, has already postponed its stock market flotation.

Several issues are thought to have met problems in securing underwriting. Others have reduced their prices. Thames Television, for example, will open its application list on Wednesday at 190p a share, but is thought to have planned to float at 200p a share before the market slipped into decline.

One school of thought in the City suggests that the paranoia in the wake of Mrs Field's failure has been exaggerated; that issues like Blick, Lopex and Mrs Fields were over-priced and would have met with a poor reception at any time; and that a well-priced, well-presented issue is just as likely to succeed now as it has ever been.

The pessimists would counter that the market has been saturated by a succession of flotations—many of which have been accelerated to float before the Big Bang—and a series of hefty rights issues: Burmah Oil, Harris Queensway, the Prudential and Saatchi & Saatchi as well as NatWest.

A week left for NatWest

THE National Westminster Bank's huge £714m rights issue closes on Friday. Shareholders in NatWest must spend their acceptances to its merchant bank, County Bank, by 3 pm on Friday.

The issue — the largest ever mounted on the London market —offers one new ordinary share for every ordinary share already held at the "deeply discounted" price of 200p a share.

When the issue was announced, both the NatWest's share price and the FT Share Index fell sharply. Before the announcement, NatWest5s price stood at 845p; at the end of last week it hovered at just above 500p. The bank staged the issue, its second in under two years, to finance its ambitious expansion plans within the world capital markets.

Alice Rawsthorn

· FINANCE & THE FAMILY ·

Eric Short on the frustrations of buying and selling a home

Caught in the housing chain

ANYONE moving house has learned to accept delays in the process of selling their old home and buying a new one. But nothing is more frustrating than to find that the delay has arisen because someone in the chain process that accompanies most house-moving cannot sell their present home.

This breaks the chain. The housebuyer must either wait patiently for the chain to be repaired or seek alternative action. This will depend on whether the break occurs behind him, related to the house he wants to sell, or in front of him.

If the break occurs ahead of him, the only real alternative is to seek another house. But if it has occurred behind him he can either start again and try to find another buyer—thereby adding to the delay—or he can use other means of repairing the break.

Essentially there are now two choices:

● A bridging loan—the traditional solution.

● A third party buys his existing house from him—a very recent solution now available to housebuyers.

Under a bridging loan arrangement, the individual raises a mortgage on his existing house on a short term basis, repaying the loan when the house is eventually sold and using the money towards the purchase of his new house. So for hopefully a short period, the individual has two houses and is financing two loans, for which he will get tax relief on up to £30,000 on each loan for up to 12 months.

Until recently, the only source of bridging finance was the house-buyers' bank. But in recent months specific bridging loan schemes have been set up. Recently, this development was taken many stages further with the formation of Home Bridging, a public company with 70 per cent of its equity in the hands of financiers Collins-Wilde and its clients, and 30 per cent held by Royal Life.

Home Bridging's chief executive, Clive Burgess, has several years' experience with Standard Chartered Bank, and has adopted a very professional approach in devising various bridging schemes to meet the needs of individuals. These cover closed bridges, where there is a specific buyer for the house, and open bridges, where there is no interested buyer as yet (see tables).

The basis of the approach of Home Bridging is to combine the mortgages on both the old and the new property to keep the amount of bridging loan to a minimum (see Table B). The rates charged by Home Bridging are high — 3.5 per cent above base rate or 13.5 per cent for closed bridges, and 4.5 per cent above base rate or 14.5 per cent for open bridges. This compares with a current 11 per cent mortgage rate.

Householders will have to have the house revalued; the bridging loan will be based on this valuation.

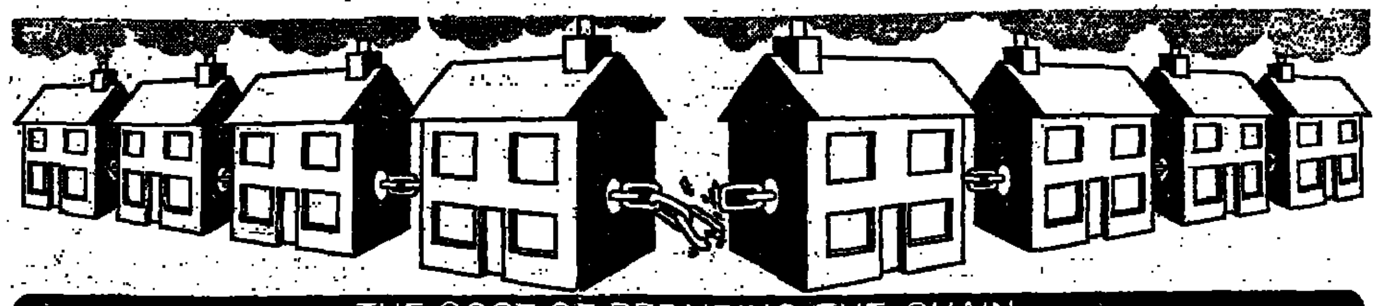
However, before taking such a loan housebuyers must look carefully into the costs of servicing two mortgages and the possible implications if the loan goes on longer than expected. Interest costs can eat into the eventual capital profit on the sale of the house.

The alternative, which is a feature of the Prudential Armchair mortgage scheme, is for the lender, in this case the Pru, to buy the house based on a discount—averaging about 7 per cent—of the company's valuation. The housebuyer can then proceed with the purchase of his new house. The responsibility for selling the old house now rests with the Pru.

However such a move might leave the housebuyer with less capital from the sale than expected and he would need to take out a higher mortgage for the new house.

Nevertheless, the Pru scheme has received wide acceptance. At present, it is available only through the former estate agency firm of Elkins, Dilley and Handley—the first acquisition of Prudential Properties. To date, it has bought 25 properties for around £1m. Clients have been attracted to the scheme in preference to a bridging loan mainly because there are no worries over servicing two mortgages.

Housebuyers caught in a chain need to consider the alternative breaking schemes very carefully before committing themselves. *In particular they need to be wary of the dream house syndrome: "We must have this particular house, come what may."*



THE COST OF REPAIRING THE CHAIN

(A) CLOSED BRIDGING LOAN				(B) OPEN BRIDGING LOAN			
Duration: 2 months Borrower: Marginal income tax rate is 40% Interest: Bank Base Rate is 10% plus margin of 3.5%				Duration 4 months Borrower: Marginal income tax rate is 50% Interest: Bank Base Rate is 10% plus margin of 4.5%			
Existing Home	Estimated sale price	(A)	£90,000	Existing Home	Estimated sale price	(A)	£67,000
	Outstanding mortgage	(B)	£25,000		Outstanding mortgage	(B)	£30,000
Proposed Home	Purchase price	(C)	£100,000	Proposed Home	Purchase price	(C)	£90,000
	New mortgage	(D)	£50,000		New mortgage	(D)	£60,000
	Deposit already paid	(E)	£10,000		Deposit already paid	(E)	—
	Other funds available NOW	(F)	£5,000		Other funds available NOW	(F)	—
	Shortfall (C)—(D+E+F)	=(G)	£35,000		Shortfall (C)—(D+E+F)	=(G)	£30,000
Amount Sought	to repay outstanding mortgage	(B)	£25,000	Amount Sought	to repay outstanding mortgage	(B)	£30,000
	& meet shortfall on purchase	(G)	£35,000		& meet shortfall on purchase	(G)	£30,000
	AMOUNT OF LOAN (B+G)	=(H)	£60,000		AMOUNT OF LOAN (B+G)	=(H)	£60,000 (90% of A)
Total costs (1.90% of value of existing home)			£1,708.08	Total costs (4.33% of value of existing home)			£2,899.49

Source: Home Building

Arthur Smith, who owns a 'charming period residence,' looks at the economics of property sales

What you pay is what you get

"THIS rambling country house *in rural Stretton-on-Dunsmore* held irresistible charm for Arthur and Averil Smith. The *family home, two hundred years* old, stands in an acre of grounds which include stable buildings and an ancient barn."

It came as a shock to open the property supplement of our local evening newspaper to see the photographs of our house and the Arcadian description under a headline about "enjoying that charm of old." But it did mean that there was now no doubt we were in the market-place and confronted with the economics of selling a house.

The estate agent had been recommended by a property writer; but what should we be paying and what could we expect for our money?

Sarah Hunt, who services the residential estate agency committee of the Royal Institution of Chartered Surveyors (RICS) is emphatic, if somewhat general, in her replies: "There are no set charges. It is a matter of negotiation between the agent and the vendor and it varies between different parts of the country."

In London, the commission charge (with VAT on top, of course) is usually 2 to 3 per cent, according to whether it is offered by a sole or multiple agency, and the state of the local market. In the Midlands and North, the going rate is often 1.5 per cent.

Miss Hunt says the country can be divided roughly in two by a line running from the Wash to the Bristol Channel, with those to the north favouring sole agency and those to the south opting for multiple agency.

The RICS, which supplies leaflets on how to sell your house, argues the benefits of placing your home with just one agent whose commission, unless otherwise agreed, is payable only if he is successful in negotiating a sale. Such a practice should ensure reduced fees and more advertising because the agent can be reasonably assured he will be the one to benefit.

In seeking to explain the differences in commission between various parts of the country, Miss Hunt points to overheads and the costs of premises and staff, with London as the extreme example. Probably more important, however, is the degree of competition in a particular area and the agents' conception of what the market will stand.

Roger Wrigglesworth, a partner in Locke & England, a Warwickshire-based agency established in 1834, explained that "the system of fees and services in a particular area evolves as part of a tradition." But he argued that vendors now get much more for their money in terms of services and marketing than previously.

Wrigglesworth feels that despite the revolution under way in the estate agency business—with banks and finance houses moving into the sector, probably followed by building societies next year—there will be a continuing role for a medium-sized agency like his—with eight offices in the south Midlands handling some 1,200 houses a year. Such agencies had the experience and expertise to compete against the greater resources of the expanding chains, he said.

He explained how my house would feature in a glossy property guide and the fortnightly newsletter mailed to people seeking houses in the area. For my £110,000 house, a maximum of £250 had been allocated for local newspaper advertising.

I told him how, in my present search for a house, many agents *with whom I was listed* had sent no information.

Wrigglesworth shrugged his shoulders: "You tend to get what you pay for." He is confident he will find a buyer for *my "charming period country residence."*

● For advice, contact Professional Practice Department, RICS, 12 Great George Street, London SW1 P3AD.

These odd men out

Donald Elkin on the tax status of expatriates who are civil servants

OF THE estimated 2m Britons who choose to live and work overseas, many may be found in the ranks of the international civil service. In some ways, their situation parallels that of other expatriates, but in others is quite different. For example, like diplomats, they may be entitled to immunities and privileges covering such things as freedom from arrest and legal process and—on a rather more mundane level—special tax treatment, too.

Typically, the salaries of employees of the 84 bodies concerned—ranging from the African Development Bank at one end of the alphabet, to the World Meteorological Organisation at the other—are exempt from national taxes (although subject to internal taxation for the benefit of the organisation itself). But there are exceptions.

British nationals employed by the World Bank or the International Monetary Fund do not get any exemption from UK tax although, like other expatriates, they will usually avoid liability on their salaries as a result of their non-residence. However, the absence of exemption can adversely affect the tax payable on other income.

Such exemption does not usually extend to the fees of consultants and certainly does not apply to income derived from sources outside the organisation itself or to capital gains. Consequently, the normal taxing rules apply to all of these things.

Since non-residents are not liable to British capital gains tax, this is not normally a problem. But the position is different with income arising in Britain, which is usually chargeable to tax wherever the recipient lives. (There are some exceptions including, for example, income from certain British government securities). Thus, Britons working overseas often have a continuing UK tax liability on UK rents, dividends, pensions and so on.

However, despite the absence of specific exemption on such sources, employees of international organisations might still achieve this result—in part, at least. This is because non-resident British subjects have long had the right to make "world income claims," the effect of which is to reduce the rate of tax payable on British income to the average that would have applied had the total world income been subject to UK tax.

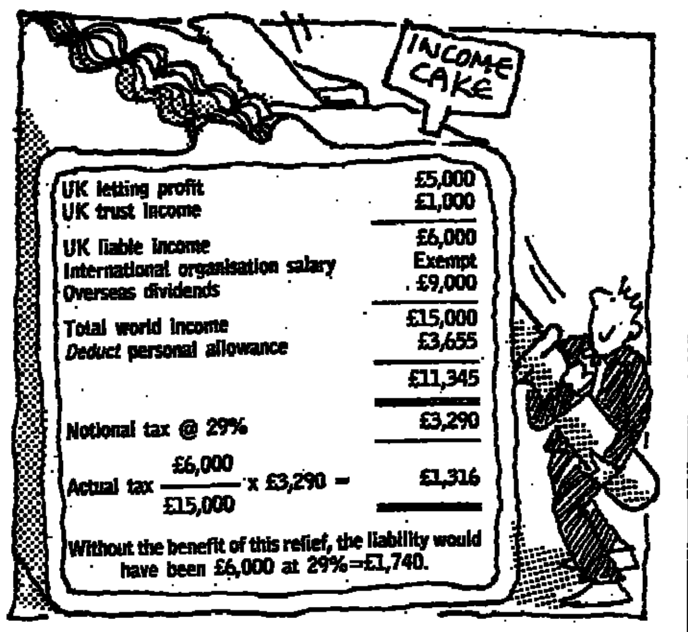
Such claims are not usually worthwhile for anyone whose overseas income is of any substance; but those with exempt salaries are entitled to leave them out of account, with the beneficial results shown in the accompanying table. But employees of the World Bank and IMF (among others), whose salaries are not exempt from UK tax, are denied this treatment.

Double taxation agreements may also help to eliminate liability to tax on continuing sources of income in Britain. Typically, relief from British tax depends on taxability in the host country. But since the international organisation employee's salary is likely to be exempt locally his other income, while taxable, might not be enough to attract any liability there. Still, this could well be sufficient to claim relief—perhaps total exemption—under the agreement.

The treatment of EEC staff is, in a number of respects, unique, the prime example being that not only their salaries but their pensions, too, are exempt from national taxes. In addition, a Community official who ordinarily lived in the UK before taking up his duties will retain that status during his EEC service—with the result that a visit to Britain of just one day will make him resident for the whole of that tax year.

This provokes liability to UK tax on overseas income which would otherwise have been exempt. If the subject of the example in the table were to become resident in this way, his British tax liability would be the full £3,290 shown without any apportionment.

On the other hand, this artificial status does not apply to CGT, with the result that the individual can have one residence status for income tax and another for CGT. Of the strange results that occur from time to time in the application of the tax laws, this must be one of the oddest.



UK letting profit	£5,000
UK trust income	£1,000
UK liable income	£6,000
International organisation salary	Exempt
Overseas dividends	£9,000
Total world income	£15,000
Deduct personal allowance	£3,655
	£11,345
Notional tax @ 29%	£3,290
Actual tax $\frac{£6,000}{£15,000}$ x £3,290 =	£1,316

Without the benefit of this relief, the liability would have been £6,000 at 29%=£1,740.

Friendly persuasion

Martin Winn examines a growing trend in providing pensions

RUNNING YOUR own friendly society may seem an eccentric pastime. But increasing numbers of stockbrokers, accountants and members of other partnerships are doing this to organise their pensions.

Anyone outside the State Earnings Related Pension Scheme (SERPS) and without a company pension scheme, usually resorts to one of the many self-employed pension plans marketed by insurance companies. With these, contributions flow into a fund managed by the life office, the eventual proceeds are used to buy a pension.

There are other options if you are self-employed and want to handle your own pension fund rather than ask an insurance company to do it for you. You could set up your own life office (though EEC solvency requirements call for an initial capital outlay of well over £2m). More feasibly, you could establish a friendly society to provide your pension, leaving you free to make all the investment decisions. With no minimum reserves to worry about, the cost is surprisingly cheap.

Legislation governing friendly societies, whose origins date back to Victorian times, was not intended for this. But both the Registrar of Friendly Societies and the Inland Revenue are permitting more and more such self-administered pension schemes. There are now more than 50 small, in-house friendly societies in the UK, most of them established in the past two years. "They have not been brought to many partners' attention, but the news is spreading faster now," says David Johnson of employee benefit consultants, William M. Mercer Fraser, which has had its own in-house friendly society for 10 years.

The main legal requirement for starting a friendly society is that it must be formed by at least seven partners, all working for the same firm, sharing in its profits, and contributing to the scheme. A grouping of seven self-employed people, even if they are working in the same place, does not qualify. Neither does a mix of partners and employees.

Draft rules, and a business plan for the society, must be submitted to the Registrar, and the Revenue will want to see a retirement annuity policy. The formalities, which used to be laborious, can now be settled in two or three months—thanks to co-operation between the Registrar, the Inland Revenue, and the few firms of consulting actuaries that deal with in-house friendly societies.

Most actuaries charge a setting-up fee of £2,000-£3,000. That may sound expensive, but it compares well with the high front-end charges levied by insurance companies on their self-employed pension contracts. Commonly, such charges can gobble up 50 per cent of the first couple of years' premiums, particularly if the partners are making sizeable contributions.) William M. Mercer Fraser claims the friendly society route is cheapest for annual payments over about £10,000.

Keeping the scheme going, of course, costs money—especially if the partners hire a professional investment manager—but bills can be whittled down if the firm provides its own administrative services. These are usually less expensive than those incurred in running a Small Self-Administered Pension Scheme (SSAPS), the equivalent arrangement for directors and top executives in a company.

The attraction, as with SSAPS, is that the partners—who are trustees of the friendly society—have a free hand in investing their pension money. They are restricted only by the 1961 Trustee Investment Act. This prevents them keeping more than 50 per cent of the investments in "wider range" securities—that is, in equities.

If they feel inclined, partners can use all their pension funds to buy their own premises or make loans to individual members. They can only use 50 per cent of their assets in this way. Each partner has his or her own "unitised" fund within the society and this is used to buy a pension from a life office at retirement. Alternatively the society can create a special fund to buy very large assets—the partnership's offices, say—and share out units in the asset among the partners.

Loans must be made at a "commercial" rate of interest (like SSAPS), and are often secured as a second mortgage on a partner's home. In recent months some of these loans made from pension funds have charged interest rates as low as 8 per cent—well below the interest cost of a secured loan from a bank. One actuary commented: "The Registrar seems to be somewhat more flexible than the (Inland Revenue's) Superannuation Funds Office in this respect."

These generous terms can encourage younger partners to put into an in-house friendly society the full 17½ per cent of salary that qualifies for tax relief, in the knowledge that money invested in this way is not irretrievable. In line with other pension schemes, of course, contributions "roll up" tax-free within the fund, and on retirement part of the accumulated sum can be commuted to a tax free lump payment.

A handful of insurance companies have now taken up the idea of do-it-yourself pensions for partnerships. Insurance company packages on offer allow partners to take out individual retirement annuities with the life office and decide for themselves what assets the fund will buy. There may be some prudent boundaries laid down by the insurer (partners' property will usually be considered acceptable).

The drawback is those same charges that are levied on all personal pension plans. The larger your contributions, the worse the charges sting. It is better, usually, to be your own friendly society boss, and act independently.

Easing burden of CTT

You have often advised a way of mitigating the effect of CTT. The way suggested has been to divide the value of one's property notionally into a number of shares and then transfer each year the equivalent of £3,000 per parent to the children.
Since under the original CTT regulations a sum of £3,000 was exempt each year, many readers including myself have made such arrangements.
Can you please advise me of the current position of this method under the new Inheritance Tax regulations?

The same principle would apply under Inheritance Tax provisions as proposed, save that the process may be unnecessary where the donor is still young enough for the seven year rule to be unlikely to apply. The position on reservation of benefit however is to be tightened up, so that a series of gifts of £3,000 value may cease to be effective once more than say, 40 per cent of the value of the property has been transferred. The new system will favour making large gifts outright at an early enough stage to avoid Inheritance Tax altogether.

Housing dilemma

My wife and I have recently retired and found a smaller house to which we wish to move. We could afford to buy this house from our own resources and leave our present house empty to be sold subsequently. If we did this would there be tax liability on gain from sale of our present (first) house as at that time we should own two houses? Are there any other tax implications, or liabilities that we should be considering? We have a small mortgage debt on our present house which could be discharged if desirable.

The answer to your first question is no, provided that your present house is sold by the second anniversary of the day you move out.

Two free explanatory pamphlets are obtainable from your tax inspector's office:

BRIEFCASE

CGT4 (1983) — Owner-occupied houses;
IR11 (1985) — Tax treatment of interest paid.

Unless you borrow money towards the purchase of your new house, you will not be entitled to tax relief on any interest paid on your existing mortgage after you move out. If, however, you do raise a loan to help pay for your new house, the interest on your existing mortgage will continue to qualify for tax relief (in addition to the interest on the new loan) for at least a year from the date of the new loan. The intricate and arbitrary rules laid down by Parliament for tax relief on interest are quite well explained in the booklet IR11; the standard of the CGT4 is much inferior, so do not place too much reliance upon it.

Offer of UN job

I have been asked by a UN organisation to act as a consultant for it in my specialist field.
The rates offered are quite a bit below what I would normally charge, but I have been assured that "professional fees are free of UK tax" and therefore I am actively considering this request.
Can you assure me that this is indeed the case and list the relevant legislation that governs this exemption?

You should check the precise position under the Specialised Agencies of the UN (Immunities and Privileges) Order 1974 (SI1974/1260), and then go back to the organisation for clarification, if need be. In a local reference library, you should find a copy of the 1974 statutory instrument etc in any major textbook on UK taxation: look in the index UN or International Organisations.

When VAT is payable

My home in England has been let through a firm of Estate Agents. Is VAT payable on their management charges? The boundary fence to the property has just been replaced. Is VAT payable on the cost of this work? I attempted to obtain a VAT refund on some goods purchased in the UK before I went overseas on this tour, but was told that there was a qualifying period of one year before the personal export scheme applied to British citizens who became resident abroad. Was this a valid statement?

The answer to your first and second questions is yes. With regard to the personal export scheme the precise rule applied by the Customs is that it is available to overseas visitors if they have not been in the UK for more than 365 days in the two years preceding the purchase of goods concerned.

Interest from gilts

My husband owned a number of gilts when he died a year ago: dividends were phased to give us a bit monthly income. Dividends were frozen immediately on his death, and I have just been paid a little under £1,000 (the correct amount) directly into my bank account from the Bank of England. I have not, however, been paid any interest on this amount, some of which has been "frozen" for 19 months.
Can you please tell me whether interest is paid on frozen dividends after a death.

Interest will not be payable during the first year unless the gilts were the subject of a specific bequest to you.

Donation to charity

I wish to donate to a charity registered in the US and I shall be pleased to learn whether I can pay a foreign charity net of tax and whether the US charity would be able to reclaim the tax I have deducted, presumably through any double taxation treaty if it applies and whether I will be able to set off the gross covenant against higher rates of tax.

No, you would not get higher rate relief, and the US charity would not be eligible for a UK tax refund under the US-UK double taxation convention (as far as we can tell from the bare facts outlined).

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Country Property

Covered-up by conversions

John Brennan looks at the renovation business and its pitfalls

I RENOVATE. You convert. He buys half a dozen cans of emulsion, 50 yards of woodchip and has the brass nerve to talk about "sympathetic restoration."

Conjugating the verb "to convert" all too often leads, with the ease of an agent's patter, to "bodge."

Tony Wonnacott, chief surveyor of the Nationwide Building Society, confirms that "standards of conversion nationally vary tremendously. On smaller schemes our surveyors are called in when the work is finished and the property is up for sale, so you can't really see what has been covered up."

Ashley Rubin, joint chief executive of the Hampstead-based Shield Group agrees. That's why on his renovation projects "the first thing we do is take off all the plasterwork, including the ceilings, and take down partition walls.

"Behind old plasterwork there can be all sorts of hidden problems, like dry rot and God knows what. In many respects it is a waste of time to try to keep original interiors and fittings, and so the whole lot comes down and you end up with a shell you can properly refurbish."

Between the two extremes—the high-speed woodchip and emulsion cover-ups of the speculative converters, and the exhaustive luxury renovations *like Shield's—there is the £6bn* of do-it-yourself spending on home improvements each year.

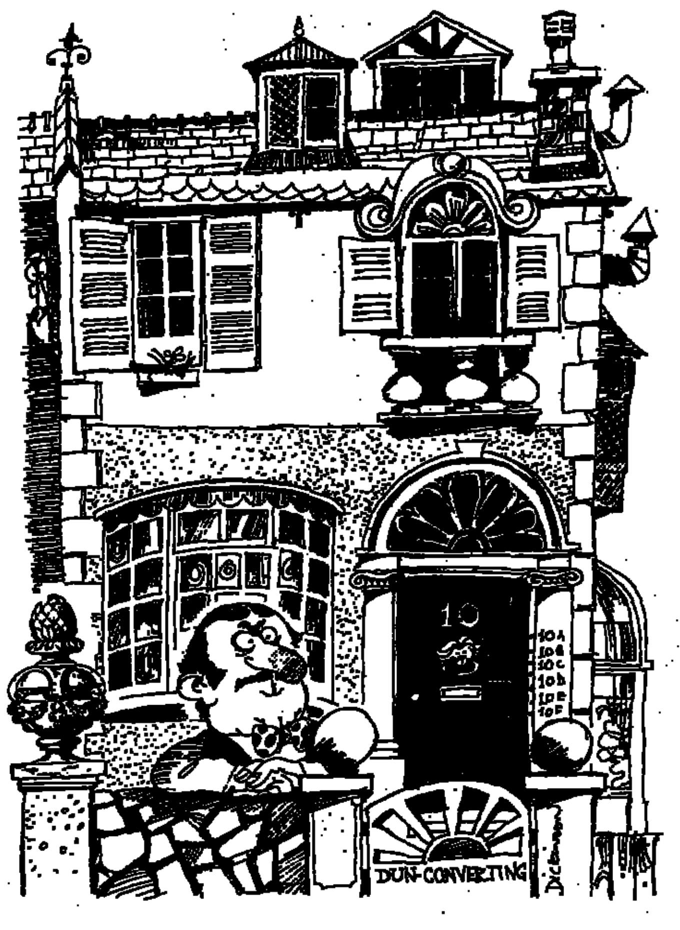
That adds 650,000 extensions of varying quality to houses around Britain, along with endless miles of piping and wiring for new kitchens and central heating systems—all lurking, safe from a surveyor's gaze, beneath bright new decorations. As Nationwide's Mr Wonnacott says: "We cannot be sure what problems we're building up for ourselves in 10 years' time."

In a recent survey carried out for Legal and General's Home Move service by National Opinion Poll, 16 per cent of home-buyers reported running into problems earlier than that. Buyers' comments included the complaint that previous owners "said it was modernised, but more damage had been done than good," and that, "there were a lot of things botched up to look good."

If those NOP figures apply nationally, a couple of hundred thousand buyers each year are learning to live with previous owners' mistakes—and they are only the ones who have already discovered the problems newly built into their homes. Even more buyers are going to have to gamble on conversion quality in future. The updating of older houses is set to become an increasingly common feature as the average age of homes in Britain steadily rises.

At present completion rates it would take housebuilders just over a century to replace Britain's existing homes, even if no new households were being formed at all. In practice, building is not even keeping pace with new housing demand. The number of substandard homes is growing, and slum clearance work has slowed to a crawl. As Sir Laurie Barratt says: "A demolition rate of 20,000 houses a year produces an average life expectancy for the 22m houses in the UK of over 500 years, which is ludicrous."

Short of some radical shift in housing policy, the proportion of old houses in Britain will inevitably continue to rise. At the moment there are 3.3m residential properties in use that date from before 1890, and another 2.9m that were built between 1881 and 1918. Inter-war housing accounts for another 4.5m, and there are 7.4m properties that were built between 1945 and 1970. Less than 15 per cent of houses and flats are under 15 years old, and that's hardly "new."



The Building Conservation Trust believes that "every building faces certain death due to progressive decay." Ironically, the Trust's own housing maintenance exhibition happens to be displayed inside Hampton Court Palace, concrete (or more accurately Tudor brick) proof that the lifespan of a building can be extended virtually indefinitely if you spend enough time and money on its upkeep.

"There's no real reason, then, why an ageing housing stock need necessarily be a poor one, as long as the modernisations and conversions don't do more harm than good.

The 1984 Budget's imposition of Value Added Tax on conversion work carried out on non-listed buildings hasn't helped to improve standards. The extra tax has both increased costs and the temptation to cut corners for commercial converters and do-it-yourselfers alike.

House price rises have had an even more profound effect on conversion standards. A distinctive, two-tier conversion market has emerged. High-cost, inner London flat renovations and sub-divided country houses in the commuter belts of the South East have tended to become increasingly professional. In contrast, profit margins on cheap conversions have been trimmed to levels where speed is becoming more important than quality.

At this end of the market speculative developers are cramming as many saleable units into a building as they can. Mr Wonnacott reports: "We are finding conversions getting smaller and smaller. Sometimes you look at a house from the outside and you can't really believe the number of flats that have been carved out of it."

He also makes the point that demand for lower cost flats for first-time buyers in London has brought many more would-be developers into the cheap end of the conversion business. "Buying properties for speculative conversions has become very competitive."

Having read their guides to making a fortune out of residential property, the amateur developers find themselves bidding up the prices of those supposedly low-cost, big old houses and having to rush through a quick chipboard and paint job to get as many flats on to the market as they can before interest on their bank loan eats up the profits.

In Wonnacott's view, fast-rising London prices might justify the expense of having to make good a poor conversion in 10 years time. Outside of the South East, though, "it would be more of a problem because the price might not rise enough to justify the expense of re-doing the work."

The Nationwide, like all the other major home loan groups, will not consider lending on conversions in any part of the country. As its surveyors can weed out properties with serious structural faults—even if they cannot dig deep enough to see if a conversion is genuine or cosmetic—the society has not had any serious problems with such loans.

Wonnacott does, however, suggest warning signs that might deter prospective buyers of problem conversions.

"If the ground level outside a property *is or obviously has* been above the damp course it is a tell tale sign of possible rising damp or wet rot, and that may well have been covered up inside with chipboard." The roof is another risk area. "You might be looking at a ground floor flat in a block of three and have no access to the roof.

"Unless you find out what is up there you could be letting yourself in for problems. Solicitors should ensure that buyers have shared responsibility for the fabric of a house. All too often the roof is left as the responsibility of the first floor flat, and the foundations are left to the ground floor flat. If there are problems later on, and one flat owner cannot afford to do repair work, all the owners suffer."

There are no such problems up-market, where gutting and modernising older properties often produced a better building than the original. As Shield's Ashley Rubin says: "Refurbishment is a specialised job. If you tried to get a builder to quote for this kind of work he couldn't, or he'd be constantly coming back with extras as you uncovered one problem after another.

"If you are on site and the District Surveyor comes along and says that the front walls between the first and second floor have to come down, you can imagine what that would do to a building price if you just had a general builder in."

Instead, just as Haslemere did when it was changing the image of restored commercial properties, Shield runs its own building teams, and plans each development as a new building project within the shell of the existing house. The firm has £7m-worth of conversions in progress in 25 houses in and around Hampstead.

In the high site value areas of inner London, planning controls and building density rules make it difficult for a completely new building to compete in cost terms with a conversion. Even on million pound-plus rebuilding projects like Shield's Maresfield Gardens scheme in Hampstead—where the whole of the inside of the building has been rebuilt around a steel frame—conversion costs run out at between £50 and £60 a sq foot. That makes it possible to sell the six luxury flats inside the building at a better price per foot of usable space than equivalent new space.

Newly built mock Georgian homes in the area have around 2,500 sq feet of space for roughly the same as the £425,000 Shield will be asking for a 3,000 sq ft apartment in its scheme.

The rating game

THE PRESENT domestic rating system "penalises elderly people living alone and those living in depressed areas." That is Donald Black's view and as managing director of Blay's Guides, whose annual Guide to *Domestic Rates* brings together all the charges levied by authorities throughout Britain, he is in a good position to comment.

Rate rises nationally last year averaged 16.72 per cent in England, 12.96 per cent in Wales and 8.42 per cent in Scotland. For older people on historically low mortgages, as Black says, "rates bills in many cases now exceed mortgage payments."

Average rates per pound now stand at 190.1p in the shire counties, 174.56p in London boroughs and 247.76 in the metropolitan boroughs. The overall average for England is 194.38p in the pound compared with 200.23p in Wales.

The equivalent figure of 56.81p in the pound across Scotland reflects the 1985 revaluation. Property south of the border is still rated on its 1973 values.

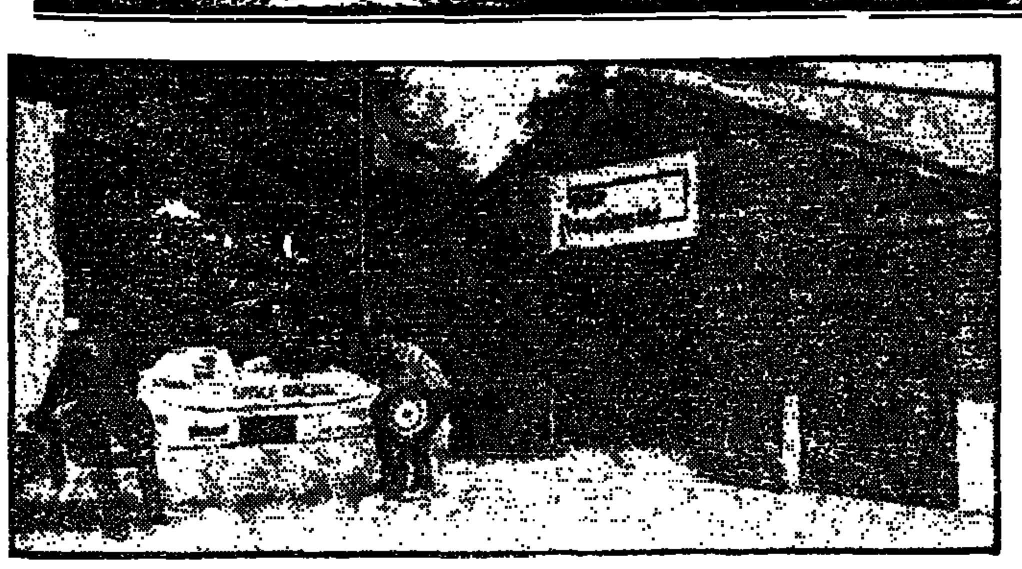
Newcastle-upon-Tyne now holds the record for the highest rate charges in England—at 335.5p in the pound. The Royal Borough of Kensington and Chelsea's 98.9p ranks as the lowest of the country's 365 rating authorities.

Rentals

London Property

Rentals

Overseas Property



A converted chicken shed in Surrey

New ventures for old

Sally Watts looks at some examples of empty rural buildings converted to business use, and new jobs that come with them

ONE-TIME chicken farm in urrey is now a thriving indus-ial estate; in Sussex, a craft entre has grown up in con-arted barns and dairies; and a usiness centre flourishes in a rmer Oxfordshire comprehen-ve school.

All three ventures are inners of the 1986 Rural mployment Awards to find the est examples of buildings con-erted to business use and job eation in the south-east. The entries from 11 counties have roduced a total of 1,400 full-me, non-agricultural jobs in ie countryside, in new enter-rises ranging from a bakery, a ottery and boat-building to ght engineering and metal-ork.

"There is nothing quaint or arming about a neglected uilding in the countryside—it a glaring indication that mething is wrong," said Lord inson, chairman of the evelopment Commission, when presented the awards cently at a ceremony at udley End House in Essex.

The regional competition is onsored each year by the ountry Landowners Associa-on and COSIRA (Council for nall Industries in Rural reas), the executive arm of ie commission, which inounced in April that half its 28m annual budget would be ent on funding rural conver-ons and improvements in riority areas. This is usually rough a 25 per cent grant towards conversion and profes-sional fees; the cost of conver-sion is generally between £8 and £9 a square foot.

Only two areas in the south-east contest region were grant-eligible: a corner of the Sussex/Kent border and the Isle of Wight, where the county winner has converted a group of farm buildings to workshops for house joinery and double-glazing, plus a shop and an office, employing 15 people in all.

Runners-up in the competi-tion were Vallance By-Ways Centre, with 35 businesses and 225 employees at Charlwood, Surrey, and Possingworth and Brownings Farm Craft Centre, which has brought 15 busi-nesses and 33 jobs to Uckfield, Sussex. The £1,000 award went to the Spendlove Centre at Charlbury, Oxfordshire, a com-prehensive school that is now a community and business centre with commercial services, 18 enterprises from a theatrical agency to a vet, and 80 people.

The Milkhope Centre, at Blagdon, Northumberland, in-cludes a dairy and other build-ings adapted to a 30-unit light industrial estate; a derelict Vic-torian farm in the Yorkshire Wolds has become an adventure holiday and study centre—stables and cart sheds into bed-rooms, hay lofts into labora-tories, the granary into a dining-room.

One purpose of conversions is to use land, labour and build-ings in other ways than food production—and an added benefit in bringing together old buildings and new entre-preneurs is the incentive to tourism of new craft centres.

Hatton Craft Centre near Warwick, which won the Cosira/CLA award last year, is a good example and includes a saddler, a sculptor, armourer, wood-turner and furniture-restorers.

Meanwhile, the Society for the Protection of Ancient Buildings (SPAB) is nearing the end of a two-year survey by volunteers to locate traditional, pre-1900 barns and other build-ings — cow byres, stables, pig-geries, dovecotes, for example — to see how many there are (50,000 barns is one estimate) and what should be done about them. Monastic barns from the 11th century are the oldest to come to light.

SPAB and COSIRA have pro-duced a leaflet on thatching and the former keeps a list of archi-tects who specialise in convert-ing old buildings. Both agencies advise on loans and grants, while COSIRA support includes supplying technical and mana-gerial services and specialised training.

COSIRA'S involvement with redundant buildings stems from a book by Andrew Rowe, MP, called *Somewhere to Start*. An even earlier inspiration, how-ever, might have been E. F. Schumacher's *Small is Beautiful*. The brochure quotes his reflections:

"An important part of the development effort should by-pass the big cities, and be directly concerned with the creation of an 'agro-industrial structure' in the rural and small town areas . . . The primary need is workplaces, literally millions of workplaces . . . *To restore a proper balance* between city and rural life is perhaps the greatest task in front of modern man."

● COSIRA, 141 Castle Street, Salisbury SP1 3TP Telephone (0722) 336255. Or contact local offices
● SPAB, 37 Spital Square, London E1 6DY. Telephone (01) 377 1644.

Robin Lane Fox praises the wild side of columbines

More artful than immoral

FOR THE past fortnight I have been enjoying results which I never intended. They are not a secret revenge or a successful speculation; they are the results of some discreet sowing, and I promise they are not wild oats. They are flowering columbines, the aquilegias of our gardens. They are not only beautiful in their own right; they make me realise several things about the way we garden.

The first is the lesson of art-ful wilderness. Two or three plants found their way into my garden in that home for lost causes, the compost which comes with container-grown shrubs. I overlooked them for one sum-mer, whereupon they sowed themselves vigorously across two gravel paths. Since then, they have looked so charming that I have been helping them on their way. There cannot be an easier plant in gardening, yet we are either encouraged to uproot them or told to grow flowers which are much more troublesome.

I quote from a revered col-league who belonged to a stricter age. "Regrettably, the aquilegia is extremely promis-cuous. Continual attention is needed to uproot the seedlings which result in worthless colours: its morals leave much to be desired." Why should we bother? Wild gardening is back in fashion, but it tends to centre on cowslips and harebells and interesting ways of putting weeds back into grass meadows. The idea of informal wilder-ness is just as appropriate in a carefully defined border. If plants seed themselves harm-lessly, let them get on with it.

My second point concerns colour. Admittedly, the colours of self-sown aquilegias are not fashionable: a murky violet-blue and a melancholy mauve-pink. In gardening, I have come to realise that such colours depend on their companions. If you match them or build round them, they can be enchanting.

At this time of year, the mauve-pink columbine is an admirable match for the colours of early-flowering alliums, or bulbous onions, and the distinc-tive mauve-pink of an excellent lilac, Syringa microphylla. This lilac is a small-flowered variety which bears little sprigs, not great trusses. It is a twiggy shrub which I recommend be-cause it fits into most designs and is less bulky than the large-flowered varieties when its first season is over.

By chance, I have discovered that its colour exactly matches the mauve and *lilac-pink of wild* aquilegias. Together they give you a theme, a soft sweep of sad colour which you can combine with white cranesbill, pale mauve violas and the hanging lilac flowers of scented wisteria. The point about this combina-tion is that it all flowers at the same time.

The murky blue variety is easily mixed with them, but I like it because it is so evocative. This particular columbine appears in the front of great religious paintings. Flemish and Italian, because it has a special meaning. The columbine, flower of the dove, was the symbol of the Holy Spirit.

Perhaps great painters like Bellini or Memling would have liked it running wild in their back garden, but that is not the reason why we have so many fine portraits of it in art. The murky blue columbine is a reli-gious flower: certainly, it "bloweth where it listeth" like the spirit to which it refers. I have not the heart to pull it up, even if its morals are said to be promiscuous.

By recommending the intru-sive varieties, I hope that I am encouraging readers to include them, but not to exclude their many relations. Aquilegias have excelled in the recent cool weather. It brings the best out of their colouring and their elegant, glaucous leaves. If you cannot accommodate the murky pinks and purples, try sowing one of the mixtures of long-spurred varieties next month. They germinate very easily and can be grown on cleanly to fill a blank space or new garden next year.

Traditionally, the McKana hybrids are the best known, but I have been impressed this year with the performance of the newer Magic strain in our long Oxford border, supplied by Colegraves, Adderbury, Oxon. It will be offered more widely in lists next year. If you prefer plants to seeds, you can write, as I have, to John Drake, Hard-wicke House, Fen Ditton, Cam-bridge, who has a superb list of aquilegias from his collection of over 120 named varieties. After ten years collecting, he is an evident connoisseur, stocking anything from Mexican to Jap-anese varieties.

To read his list is to follow all the fashions which different gardeners pursue in plants. There are wild mountain forms, curious green freaks, selected bright hybrids, and the superior, subdued colours chosen by eagle-eyed female gardeners.

If you also want my wild, promiscuous invaders, I sug-gest that you collect some dried stems from a friend and simply scatter their seed all over you borders and forget it. Unless the soil is very dry, they will germinate very freely.

Aquilegia columbine

Arthur Hellyer recommends irises

Splitting up

ONE OF the great advantages of buying plants in containers is that it can be done while they are in flower, allowing you to see precisely what you are getting. Thus, you can avoid those disappointing puce-purple forms of the Judas tree, grey-mauve wisterias, washy lupins and other horrors.

The drawback to container plants is that they have very restricted root systems and are usually growing in more or less pure peat, a medium very unlike anything they are likely to encounter in the garden.

So, the old-fashioned method of growing nursery stock in beds is still attractive; and for all the rhizome-forming irises it has no disadvantages, since they can be transplanted now while still in flower. This is because they have the rather unusual habit of losing many of their old roots and replacing them with a new lot at just about this time.

If they are dug up, split into pieces of convenient size and then replanted with as little delay as possible, they will soon be growing strongly, ready to produce a fine display of flowers next year.

Rhizomes are the fleshy bodies, half root and half stem, that lie flat on the surface of the soil with the true feeding roots growing downwards from the lower surface and the leaves and flower stems coming from the upper surface. When replanting rhizomes, it is neces-sary to cover them with just a little soil—no more than an inch—to keep them firm; but after a month or so they will have pushed themselves back on to the surface, which is their natural position.

At this time of year, the leaves of many of these flag irises tend to get rather tatty, so before replanting them it is wise to cut off the really bad ones and shorten the rest by about half their length. This not only gets rid of a good deal of actual or incipient diseases but also reduces the amount of evaporation from the leaves, so putting less strain on the roots for the few weeks they take to settle in.

All these flag irises love alkaline soils (those containing chalk or lime), and if the natural soil is not of that kind it is good policy to dust it with powdered lime or chalk before planting. Four ounces per square yard should be enough unless the soil is markedly acid, when the dose can be doubled or even trebled. These irises also like sunny places although the old-fashioned blue and purple variety, the original "German" iris, will grow and flower reasonably well in shade.

Motoring down on the Biscay coast recently, I was delighted to see great drifts of Iris pallida dalmatica in many gardens. This is a very old variety, the "Great Floure-de-luce of Dal-matia" of Gerard's Herbal, known and grown for at least four centuries and still unsur-passed in its particular style.

Its leaves are grey-green and usually remain in good condi-tion throughout the summer, its sweetly scented flowers are light blue, and they are held aloft on sturdy stems that need no support. It does not spread its lower petals, known to iris specialists as falls, in the manner prescribed by modern specialists, but that is no dis-advantage in the garden. I have never seen any variation in flower colour but there are two fine varieties with variegated leaves, one striped with white and the other with butter yellow.

What all the herbaceous plant nurseries do offer are the garden hybrids, many of them American-raised, which have *proliferated to such an extent* that I find it utterly impossible to keep up with the names. It has to be acknowledged that, as with so many other highly developed garden plants, the peak of development was reached a good many years ago; what we are now seeing is simply a constant remixing of ingredients already there, in-teresting to specialists and profitable to nurserymen but of no great importance to ordinary gardeners.

For my part, I still find Jane Phillips an enchanting blue iris, deeper in colour than pallida dalmatica and with the slightly self-conscious poise that iris fans demand. I like the white, cream and deep blue contrasts of Wabash, the soft subtleties of Pink Ruffles, and the huge white flowers of Cliffs of Dover.

Staten Island is deep yellow and crimson, Tuscan is copper, Canary Bird, light yellow, and Berkeley Gold a much deeper yellow. It would be easy to make a dozen more lists just as good with names like Patter-dale, Party Dress, St Crispin, Mary Randall, Starshine, Ranger, Lothario and Dancer's Veil.

In addition to these popular and readily available irises, there are other kinds known far less well and much more diffi-cult to buy that are nevertheless excellent garden plants and well worth seeking out. Top of the list of those that can be transplanted now I place Irises douglasians, I. innominata, and the hybrids between them. Both are smaller plants than the flag irises, from six-12 in high.

FORTHCOMING RESIDENTIAL PROPERTY

ARTICLES IN THE WEEKEND FT

JULY 5
Covent Garden

JULY 12
Property in the Midlands

JULY 19
Relocation services for incomers to UK and expats going abroad

JULY 26
Property in Ireland

AUGUST 2
Retirement Homes

AUGUST 9
The Channel Tunnel and its impact on houses in its path plusses and minuses

AUGUST 16

For details of Advertising in these issues contact: Carol Haney or Lesley Proctor on
01-489 0030/1

مطابقة للأصل

[redacted]

Ancient statues on Easter Island . . . now the mystery is solved

Island where statues 'walk'

Mary Helen Spooner visits a Pacific outpost off the tourist track but with a mystique all of its own

JUST south of the Tropic of Capricorn lies Easter Island, a Chilean possession in the South Pacific and archaeological enigma. Home to hundreds of *Moais*, the giant statues with elongated human faces, the island remains off the beaten tourist track and is at the centre of a fascinating anthropological debate about human migration.

The origins of the *Moais* have long baffled archaeologists, who could not comprehend how a people lacking in sophisticated engineering techniques managed to move the multi-tonned statues. The theories ranged from the author Erich von Daniken's contention that extra-terrestrials had placed them on the island to the more plausible hypothesis that they were transported on log rollers from the quarry where they were carved. Earlier this year, however, the mystery was solved by the Norwegian explorer Thor Heyerdahl and a multi-national team of specialists.

The Easter Islanders' own oral traditions hold that the statues "walked" from the quarry, set in motion by magic. This legend, ignored by archaeologists, held a vital clue to the statues' origins. A young Czech engineer Pavel Pavel tested his own theory of vertical transport, moving a cement replica with ropes, edging the statue along the ground as one might move a refrigerator. Pavel wrote to Heyerdahl, describing his experiment, and was promptly invited to join the explorer's next expedition to Easter Island.

In February Heyerdahl supervised a group of 15 islanders, using ropes attached to a *Moai's* "head" and midsection, who managed to move a 20 ton statue 10 yards. The success of the experiment, according to Easter Island governor Sergio Rapu, means the mystery of the *Moais* has been "80 per cent solved."

Rapu, a University of Hawaii-trained archaeologist and the island's first native governor, has invited Heyerdahl to return next year for further excavations.

The island population hovers at roughly 2,000 with about a quarter of the inhabitants Chileans from the mainland or foreigners. The island is believed to have been colonised from the Marquesas islands around 800 AD, although some of the *moais'* features suggest a South American influence. In their original form, the statues had inlaid eyes, a feature found in pre-Inca statues in South America.

Some, carved in the rock, were only partially completed, others have toppled to ground. Once transported from the quarry and set in position, sculptors placed inlaid eyes and red topknots on the *moais*, which the islanders once called "living faces."

If the mystery surrounding the statues' origins has been solved, the origins of the islanders' ancestors remains the subject of considerable anthropological debate. In 1947 Heyerdahl proved that the early inhabitants of South America could have travelled to the South Pacific, by sailing in the famed Kontiki raft from Callao, Peru to the Marquesas islands. Blood samples taken from Easter Islanders and tested by Australian serologists showed a close genetic blood relationship with South America's aboriginal population. On the other hand, the language spoken on Easter Island is closely related to that of French Polynesia and Hawaii. Easter Island continues to stay off the beaten tourist path. Cruise ships stop perhaps four times a year, and the Chilean national airline flies once a week from Santiago, continuing on to Tahiti.

Accommodation on the island is basic, with running water and electricity but no amenities such as televisions and telephones in the rooms. The largest hotel, the hotel Hanga Roa, contains 120 beds and a discotheque open during the summer tourist season, but far cheaper lodging can be had at any of the dozens of hostelries or family-run guest houses. Easter Island specialities are usually absent from the menus of most hotels and hostelries and the offerings seem to consist of everyday Chilean fare: bread, cheese and ham, with a sugar-based orange drink for breakfast, a grilled cutlet with rice or potatoes for lunch and dinner.

Visitors can hire a guide and a car for one day tour of the island for about $50, the fee is less for bigger groups. The tour should include stops at Oronco, a ceremonial city at the edge of a volcanic crater, with dwellings set several metres into the ground. The view from the edge of the volcanic crater is spectacular, especially when a cloud of fog rolls in from the Pacific, shrouding the area in white mist. More intrepid tourists can climb down the side of the crater into the dense vegetation below.

There are two pretty beaches at the north east corner of the island, Anakena and Ovahe, and most day tours include lunch at one of the sites. Visitors can also explore the island on rented motorcycles or on horseback.

During the first week in February Easter Island holds a festival celebrating its culture, with competitions in diving, dancing, wood carving and body painting. The contestants are usually younger islanders: the judges, elderly Easter Islanders who carefully scrutinise how faithfully the participants have adhered to tradition. Yet even during the high point in the island's tourist season, the number of visitors remains relatively small, with most hotels and hostelries filled to only a fraction of their capacity.

All aboard for the Channel

Holiday bookings are booming so act now, says **Roger Beard**

SLOWLY but surely the cross-Channel ferries are filling up, particularly on the madcap peak weekends of end-July and early August. If you have not already booked, the ferry operators strongly advise doing so now.

Although few sailings are yet full, and the operators claim to be able to squeeze you on, indications point to late bookers being restricted to very early or weekday sailings. And there is little worse than starting your holiday at some totally unsocial hour.

Avoid, if you can, the Friday evening through to Sunday period, in both directions. For instance, the Sally line reports that two of its Ramsgate-Dunkirk sailings—the 23.00 out on July 25, and the 13.30 back on August 17—are full already. But there is still capacity on its other sailings, five times daily in each direction.

A car and two adults will cost £142 return on peak day-time sailings and £124 off-peak. Up to three children under 14 can travel free with you on Sally boats.

Townsend Thoresen's "blue riband" runs between Dover, Calais and Boulogne also are getting crowded on Saturday, July 26, at the start of the school holidays. The company advises people to avoid the 7.30, 9.00, 10.30 and 12.00 Calais sailings, and the 9.30 to Boulogne, as well as the equivalent return trips two and three weekends later. Return fares range from £138 to £180.

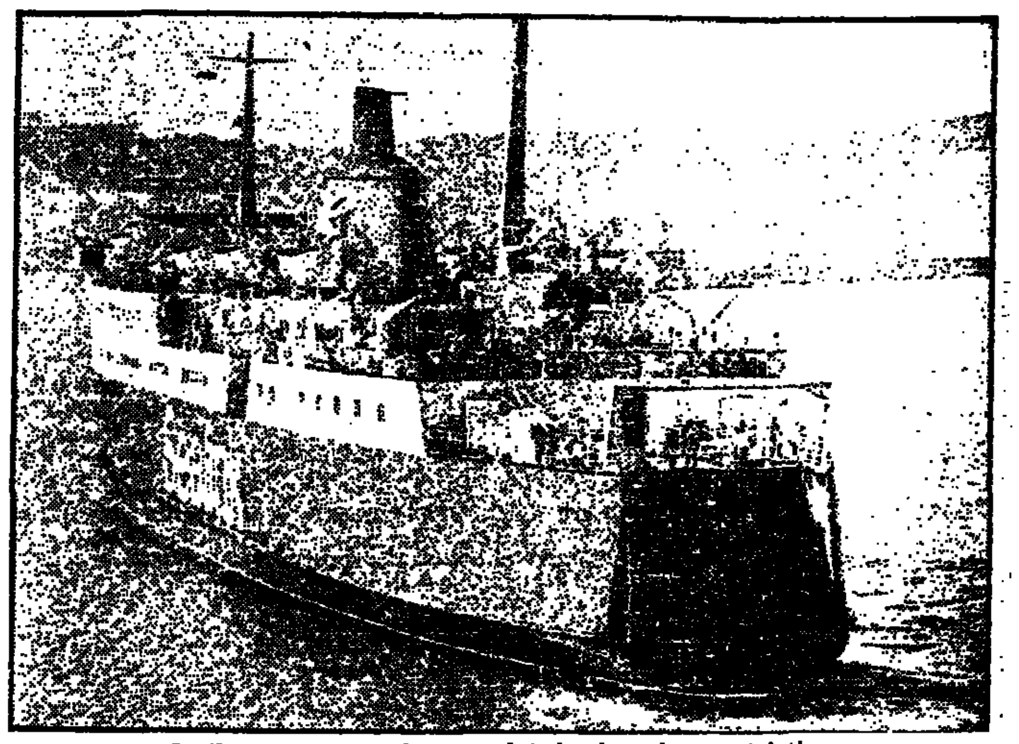
There are, of course, other Townsend Thoresen options. There is still good availability on the longer Dover-Ostend/Zeebrugge runs (£114-£158) and a look at your European road map should show you how speedily you can link up with the motorway should you, say, wish to head for south-eastern France.

Similarly, there is plenty of capacity at the moment on the Felixstowe-Zeebrugge route, although fares for car and family are between £176 to £194.

If you enjoy sea trips up to five hours, and take the precaution on both legs to book a cabin (or at least a sleeping chair), TT's Portsmouth to Cherbourg or Le Havre runs make an interesting change from the Dover-Calais shuttle.

There is good availability to both ports on the weekend of July 26 except for the 8.00 sailing. Two words of warning, though. This £200 trip is not for the weak-stomached; even in summer, the western Channel can move a bit. Remember also that you will be arriving in France an hour ahead of British Summer Time, possibly too late to dine ashore. So, eat on the boat, and book your first night's hotel ahead from the UK.

Sealink, which claims to be the biggest carrier on the Channel, reports bookings up by 15 to 20 per cent on last year. Availability is good on its Dover-Calais (£122 for the standard family of four) and Folkestone-Boulogne (£138) routes but you are advised to book.



On the cross-Channel run . . . late bookers face restrictions

On Sealink's longer Newhaven-Dieppe route, the family can be carried for as low as £156 return, but fewer sailings mean space is limited over the peak holiday weekends and travellers should book now.

One small caution about Dieppe: should your ferry be cancelled for any reason, you are really too far from other ports to seek an alternative; and only Sealink uses it. Also, Sealink is a stickler for arriving 45 minutes before sailing. Last year, if you didn't it gave your space away and you had a four-hour wait until the next boat home.

Harwich to the Hook of Holland still has space, and £10 duty-free vouchers, but Sealink points out that early booking passengers. And on a run of that length a cabin is a must, both for the driver and any small children in the party.

There is also space from Portsmouth and Weymouth to Cherbourg, particularly mid-week, with an extra-cheap crossing on the Friday night run—out at 21.45 and back at 05.00.

Further West, Brittany Ferries is full on its Plymouth-Santander route, although you might stand some chance with is advisable for cabin cancellations. Portsmouth-St Malo, a nine-hour trip, has space available although you can expect to find it difficult during the peak period. The same applies to Plymouth-Roscoff.

There are, however, two other options, both opened only a few weeks ago. Sealink might operate more sailings but Brittany claims to have the biggest ferry—between Portsmouth and Caen, a 5½-hour trip that puts you within a couple of hours of Paris and well on the way to southern France.

Newer still is Brittany's Poole-Cherbourg route, operated on a no-frills basis by a subsidiary, Truckline, which was previously a freight-only carrier. This run is limited to 300 passengers and 100 cars; the rest are lorries. Not for these travellers the Sally smorgasbord. Instead—*mirabile dictu*—a straightforward Le Routier canteen and a true taste of France.

There are some, of course, for whom the very thought of the summer ferry is anathema. For them, there is only one way out—the hovercraft. Now owned by Sealink, Hoverspeed reports it has capacity on most flights although some of the peak ones are full (although with a flight time of only half-an-hour, that is less of a problem).

It is a comparatively painless solution, except in the pocket. The return flight for a family is £178, high when compared with many of the ferries. But where time is money, and you need your car, it is a viable alternative.

THE Blue Guide to London (A & C Black, £9.95) has been named Guide Book of the Year by the London Visitor and Convention Bureau, the capital's official tourist board.

The new edition of the guide, which was first published in 1950, is by Ylva French. The book was judged to be of interest to both natives of, and visitors to, London.

The new Mercedes (left) and Volvo estates . . . executive car luxury with the carrying capacity of a small van

Estates make the going easy

Stuart Marshall compares the latest offerings from Volvo and Mercedes

FEW CARS were more eagerly awaited by the town and country green wellie set than the estate versions of the latest models from Volvo and Mercedes-Benz.

Volvo, which has dominated the large estate car market in Britain for some years, got in first with its 760, followed after a decent interval by the cheaper 740. More recently, Mercedes-Benz introduced its T-car (that is, estate) versions of the W124 series saloons that occupy the middle ground between the compact 190 and the big S-Class cars.

How do they compare? In size, there is not much in it. There is less than an inch between them in length (15 ft 8 in), wheelbase (9 ft 1 in) and track (5 ft 10 in). The Mercedes T-cars are an inch higher only because they have permanently fixed side rails for a roofrack.

With back seats up, the load platform is a little longer in the Mercedes but the Volvo's is wider. Seats folded—and both have asymmetrically split backrests—their platforms are 6 ft long and floor to roof height is 2 ft 8 ins. Just right, then, for humping the old chest freezer from town house to weekend cottage, or bringing back the spoils of some antique hunting down in the sticks.

On price, it is no contest; the Volvo wins hands down. Its cheapest 2.3 litre GL estate is £11,237 whereas the least expensive Mercedes-Benz, the 200T with a carburetted 2-litre engine, is £13,900. And that is before you start adding extras. The 200T I tried recently would have cost about £17,400, key in hand, because it had ABS brakes, air conditioning, a very good stereo radio/tape player and headlamp wash/wipe system.

For only £1,000 more one could have Volvo's estate car flagship, the 2.3 litre, 4-cylinder Turbo Automatic, in which air conditioning and, just about everything else one could possibly want is part of the package. Mercedes demands £20,500 for its top estate, the 300T, with a 3-litre, 6-cylinder engine and automatic transmission.

This car has so much performance (131 mph maximum and 0-62 mph in under 9 seconds) that among the first buyers of a right-hand drive version was former World Champion Formula One racing driver James Hunt.

Matching the Volvo 740 GLT estate and Mercedes 200T estate is not an exact comparison because the GLT is the poshest and dearest version of the 740 and the 200T is the least expensive of the Mercedes estates. At £14,670 the Volvo was near enough to the price of the Mercedes 200T if it were equipped with electric windows and headlamp washers, which the Volvo has as standard.

On the motorway there is little to choose between them. Both are very high-geared and capable of holding a relaxed 100 mph—well, they are on the autobahn—with their engines turning over well under 4,000 rpm. The Volvo, with 131 bhp from its 2.3-litre, fuel-injected engine, is faster off the mark than the 2 litre, 109 bhp Mercedes 200T and better able to hold top gear on an incline. In each case fuel consumption was around 25 mpg.

A four-speed gearbox with an electrically-engaged overdrive is fitted to the Volvo. I rarely made it work without a slight jerk whether changing up or down. A touch of a button, though, is a handy way to select fourth, which deals with most overtaking needs on the open road.

The Mercedes, so high-geared that it would attain 100 mph in fourth at only 5,000 rpm, often needed this gear if baulked on a slight slope on a motorway. Even third was required now and again if speed dropped below 50 mph and one wanted to regain the cruising rate quickly.

Both cars run smoothly and there is little to choose between them until the rev counter shows 5,000 plus. Then the Mercedes has the edge. I preferred its silky 5-speed gearbox to the Volvo's hefty shift and excessively long clutch pedal movement.

Off the smooth concrete of a motorway and on to the potholes and bumps of neglected country lanes, the balance tilts strongly in the German car's favour. Non-independent driven rear axles are rare in European cars nowadays but the Volvo has one. It makes it feel quite an old-fashioned car when the going gets rough. On bad surfaces, the axle can be heard and felt as it thumps around underneath the floor and ride comfort suffers.

Mercedes-Benz spent a fortune developing the 5-link rear suspension used on both 190 and 200-300 ranges. It is complicated but so efficient that it hardly seems to notice bad roads. Those rough enough to make me slow down in the Volvo, the Mercedes took in its stride. For ride comfort, I would put the Mercedes 200T on a par with the Citroen Safari, and praise comes no higher than that.

From behind the wheel both cars have a lot in common. They have big, supportive seats—electrically heated in the Volvo—and no-nonsense instruments. The driver gets a commanding view of the road over a fairly long bonnet.

Parking is no problem because there is no hidden length behind the rear window, the standard power assisted steering is effortless and the lock is good in the Mercedes, outstandingly compact in the Volvo. The Mercedes has the more responsive steering of the two, due partly to its low profile, 65 series tyres.

Perhaps its worst feature is the foot-operated parking brake. This is all very well on an automatic, when you can hill-hold with a touch of the footbrake or by using the drag in the transmission. But it makes hill starting a disagreeable business in a manual; so awkward, in fact, one is tempted to hold the car on the clutch for longer than one should.

Which car would I choose? The Mercedes, without doubt, if I could afford it, though either is an excellent choice for the user who wants to combine executive car luxury with the carrying capacity of a small van.

Since Ford dropped out of the large estate car market when introducing the latest hatchback Granada, Volvo has outsold all rivals by a wide margin. The 760 and 740 do not replace the 240 estate, which from £9,573 upwards is one of today's motoring bargains. I have not yet tried the Mercedes 300T. But, if it combines the virtues of the 200T with a great deal more

CHESS

ANATOLY KARPOV has completed his preparations for next month's world title series against Gary Kasparov by winning one of the strongest tournaments ever held. The eight-man, double round contest at Bugojno in Yugoslavia had an average rating of 2627, FIDE category 16. Karpov was a clear first with 8½/14 followed by Ljubojevic and Sokolov 7½, Portisch and Spassky, 7, Miles and Yusupov 6½, Timman 5½. The ex-champion won four games and lost only to 23-year-old Sokolov.

Thus Karpov has shown himself in peak form, but so has Kasparov, with match wins over Timman and Miles. Both have improved their FIDE ratings from the officially published January 1986 list, and both may achieve new personal lifetime highs in the July rankings.

Meanwhile ticket arrangements, which starts at the Park Lane Hotel in July 28. Front row seats are £20 per day, middle rows £10, both pre-bookable, with back row seats at £3 available only on the day of play. There are also package tours for overseas visitors, all handled by American Express, 19-20 Berners Street, London, W1 (01-637 8600).

Sokolov's win over Karpov was, historically speaking, quite an event: the only fellow Soviet ever before to defeat the great man outside the borders of the USSR was Korchnoi, who later defected. Karpov himself is the leading specialist on the white side of the Ruy Lopez and the style of victory is similar to Karpov's games — a strange metamorphosis.

White: A. Sokolov. Black: A. Karpov. Ruy Lopez (Bugojno 1986).

1 P-K4, P-K4; 2 N-KB3; N-QB3; 3 B-N5, P-QR3; 4 B-R4, N-B3; 5 0-0, B-K2; 6 R-K1, P-QN4; 7 B-N3, P-Q3, 8 P-B3, 0-0; 9 P-KR3, B-N2; 10 P-Q4, R-K1; 11 N-N5, R-KB1; 12 N-B3, R-K1; 13 QN-Q2, B-KB1; 14 B-B2, P-N3; 15 P-QR4, P-QB4?

Apart from the interpolation of moves 11 and 12 to gain time on the clock, this is a book line, but here theory gives 15 . . . QN-Q2 keeping open the option of P-QB3 should White advance P-Q5. For the rest of the game Karpov suffers from his inactive QB.

16 P-Q5, QN-Q2; 17 P-QN4, N-N3; 18 N-B1, N-R4; 19 N(3)-R2, P-N3; 20 B-K3, B-K2; 21 Q-Q2!

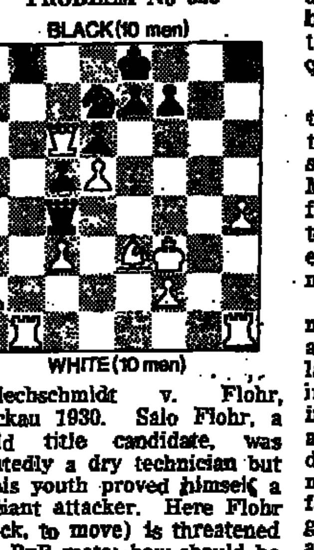
Stops the freeing idea B-N4. 21 . . . R-KB1; 22 B-R6, N-N2; 23 N-N3, K-R1; 24 N-N4, N-B3; 25 NxN, BxN; 26 B-KB1, Q-Q2; 27 P-B4!, P-R4.

Black should prefer PxP and try to use his K4 as a bastion. Karpov underestimates the fine pawn sacrifice which increases White's pressure.

28 P-B5! RPxP; 29 QBPxP, PxRP; 30 R-B3, K-N1; 31 Q-B2, B-R5; 32 BxN, BxN (if KxB; 33 N-R5 ch); 33 RxB, KxB; 34 P-B6 ch, K-R1; 35 R(3)-R3, Q-N4; 36 Q-K3, R-KN1; 37 P-R4, P-N4? 40 R-KR1, K-R2; 41 B-Q1, QR-KN1; 42 Q-R3 (threat 43 QxP ch), R-KR1; 43 R-B5, Resigns. If RxP; 44 BxP, P-R4; 45 QxP ch.

PROBLEM No 625

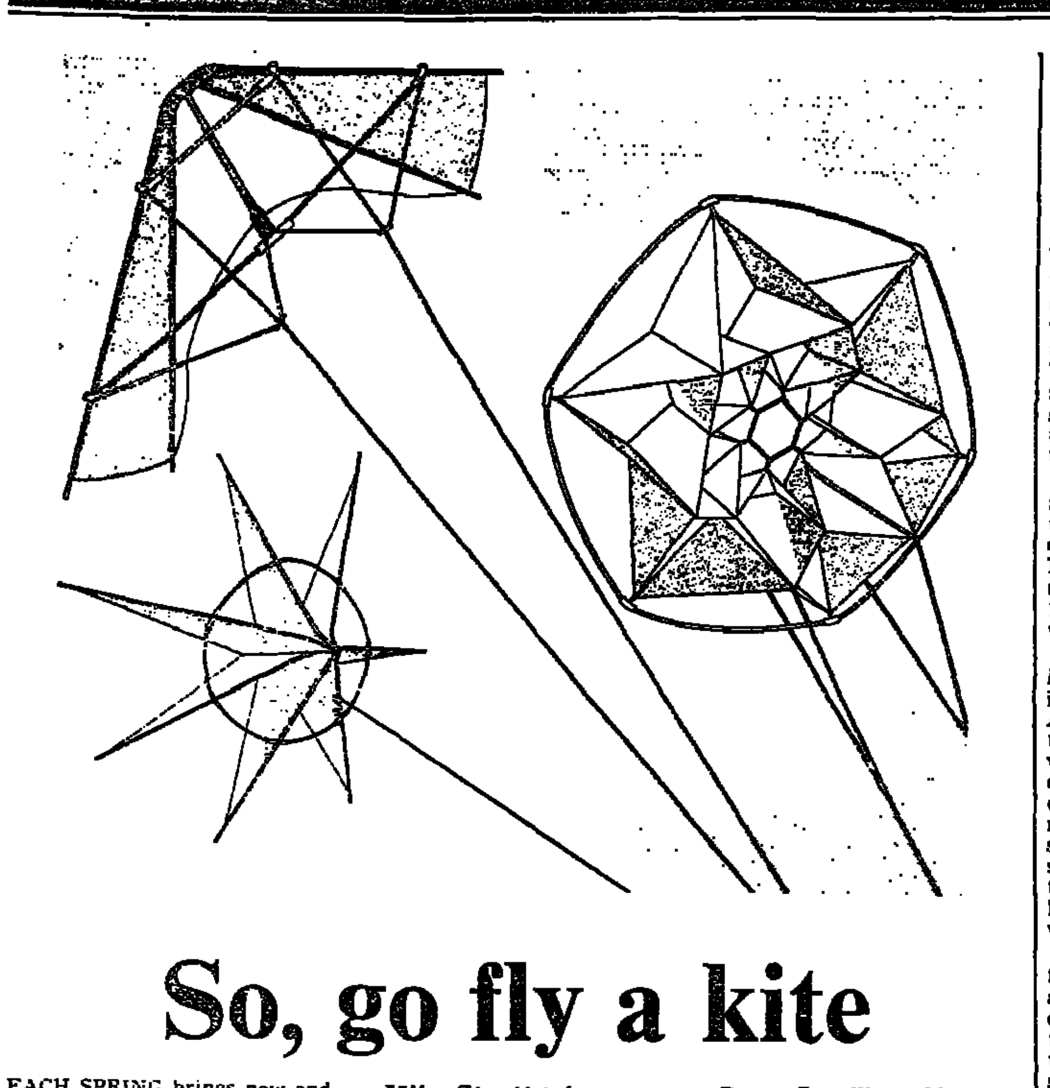
BLACK (10 men)



WHITE (10 men)

Blechschmidt v. Flohr, Zwickau 1930. Salo Flohr, a world title candidate, was reputedly a dry technician but in his youth proved himself a brilliant attacker. Here Flohr (Black, to move) is threatened with RxR mate; how should he reply?

Solution Page XV



So, go fly a kite

Mike Strutt tries out latest designs for the summer season

EACH SPRING brings new and sometimes amazing kites ready for the summer season. This year is no different, with a crop of good flyers from makers in several countries.

There are stunters, geometrical shapes and even flying figures, all very well made and sometimes ingenious in their design. They represent the kitemaker's art at its best and tend to be handmade in small numbers.

Quality kites of this kind cost more than the toy shop variety—sometimes much more—but they are made of the best materials, such as ripstop nylon for the sail (the covering) and glassfibre spars. Most important, they fly readily in the wind strengths for which they are intended: no need to rush about to the point of exhaustion to launch them.

Kiteflying these days is a hobby for adults as well as children, hence the elaborate kinds that are now available. It is being discovered increasingly by people with stressful jobs in the professions as an ideal way to relax.

It is a fine family pastime, too. A few kites bobbing overhead on a summer's day can turn a picnic into an event—so long as at least one person has the patience to undo any tangles in the lines!

Here are the best of the new designs:

First, two Alivola geometrical kites from Italy, designed by Guido Accascina. The Penta (£25) is 4 ft across and has seven (not the five you expect) delta-shaped wings. And the Ten, at £35, as the name does suggest, is a 10-winged extravaganza more than 5 ft across. Both are easy to assemble, by fitting their circular glass-fibre spars. They are fine for light to medium winds.

Martin Lester's Icarus, a life-size flying version of the mythical figure, is actually a complex wind-inflated kite—there are no spars to create its shape—and a remarkable sewing job by the British designer. The wings are guaranteed not to melt. Made in very small numbers. For medium winds, price £90.

Lester's Columbia Space Shuttle, at £29.95, is also neatly thought out, achieving its shape by means of inflation and two spars. Wingspan is 3 ft. For light to moderate winds.

Peter Powell's exhilarating Stunter, largely responsible for popularising kite flying again in the 1970s, has been improved to perform even better and is widely available. A tough nylon sail and glass fibre spars make this uprated version ready for anything. It can be steered about the sky by anyone aged from eight upwards. Price £14.95.

New to the UK is another stunter, the delta-shaped Avenger from California. It is a high-performance, "high-tech" design that is built almost like a mini aircraft. More for dads, it costs £40 and, like the Peter Powell, will fly in winds up to near gale.

The Yakko, made by Monday Lunch kites, is a fierce-looking version of the traditional Japanese kites depicting Samurai warriors. Painstakingly made in appliqued nylon. For medium-strength winds, £40.

Finally, the Clark's Crystal is a fascinating geometrical box kite that is like sculpture in the sky as its many facets pick up the breeze. Reckoned to be a particularly good flyer, it is for light to moderate winds and costs £46.

All available from The Kite Store, 69, Neal St, London WC2 (Tel. 01-836 1666).

Tomes for top people

William St Clair offers a guide to the antiquarian book fairs

JUNE IS the month for old books. For a few days beginning next weekend there are a succession of book fairs in London which cater for all preferences, all prejudices, and all pockets. This year the organisers have staggered their opening hours so that you can stagger from one fair to the other from Saturday to Thursday.

The most prestigious—which means the most expensive—is the annual fair of the Antiquarian Booksellers Association. It opens at 11 o'clock on Tuesday and runs for three days, 11 to 8, except on the last day, when it closes at 6.

The Park Lane Hotel where it is held is not in Park Lane but in Piccadilly, round the corner. Admission costs £3 which entitles you to a heavy catalogue with pictures and descriptions of some of the choicest books on sale. It also contains the map of where the various stands are situated—very necessary, for some of them are tucked away in corners of the hotel around the ballroom where the main events occur.

This year there are more than 100 dealers, many from abroad. In spite of the general decrease in visitors to London there have been no cancellations, nor has there been any slashing of prices. Book collectors are more intrepid than other tourists.

The opening ceremony at 12 o'clock on the 24th is to be performed by Education Minister Kenneth Baker, described in the catalogue as a collector of modern first editions and "a poetry buff." The first great thing, Baker suggests, in his foreword to the catalogue, is to start buying books. The second is to collect what you really like reading.

Set money considerations aside, advises the man who last week won £20m for school books and equipment to top up the existing £40m. "The fun of collecting lies in backing your own judgment, your own fancy, your own preference, and if

that chimes one day with the judgment of the world then you'll be happy, but if it doesn't, you won't really care."

Collectors and dealers tend to agree. Buying expensive books to stash them away until they become even more expensive can be as dangerously sub-optimal an investment as tin futures. Modern firsts are as volatile as the reputation of their authors. Antiquarian books, however, rise steadily in value as they become more scarce. The talk in the trade is that prices are rising at about 10 per cent a year although much higher at the more expensive end.

If you are interested in early 18th century vellum illuminated Ethiopian biblican manuscripts, there is a nice one on sale at £5,000. Almost as unreadable is the Kelmscott Chaucer at £20,000. A copy of the printed Papal Bull excommunicating Queen Elizabeth costs £9,500. You can buy 54 letters of Mahatma Gandhi written during his early years in South Africa for £9,250.

But to my eye some of the best things in the fair are going for £50 or less. Robert Vaughan of Stratford-on-Avon has acquired the library of J. B. Priestley, 7,000 volumes in all. About 400 of them are personally presented by their authors. H. G. Wells loftily inscribes his *Fate of Homo Sapiens* to Priestley "to read mark learn" Rebecca West gushes admiration on the end papers of *A Train of Powder*. "It has dawned on me that you think I am a reactionary—read what I really write and be ashamed of yourself!"

The presentation copy of Jung's *Undiscovered Self* still retains the drab protective wrappers which conceal the bright book within. Many of those which are not inscribed contain Priestley's unusual bookplate, which looks like the knave of clubs with a book in each hand.

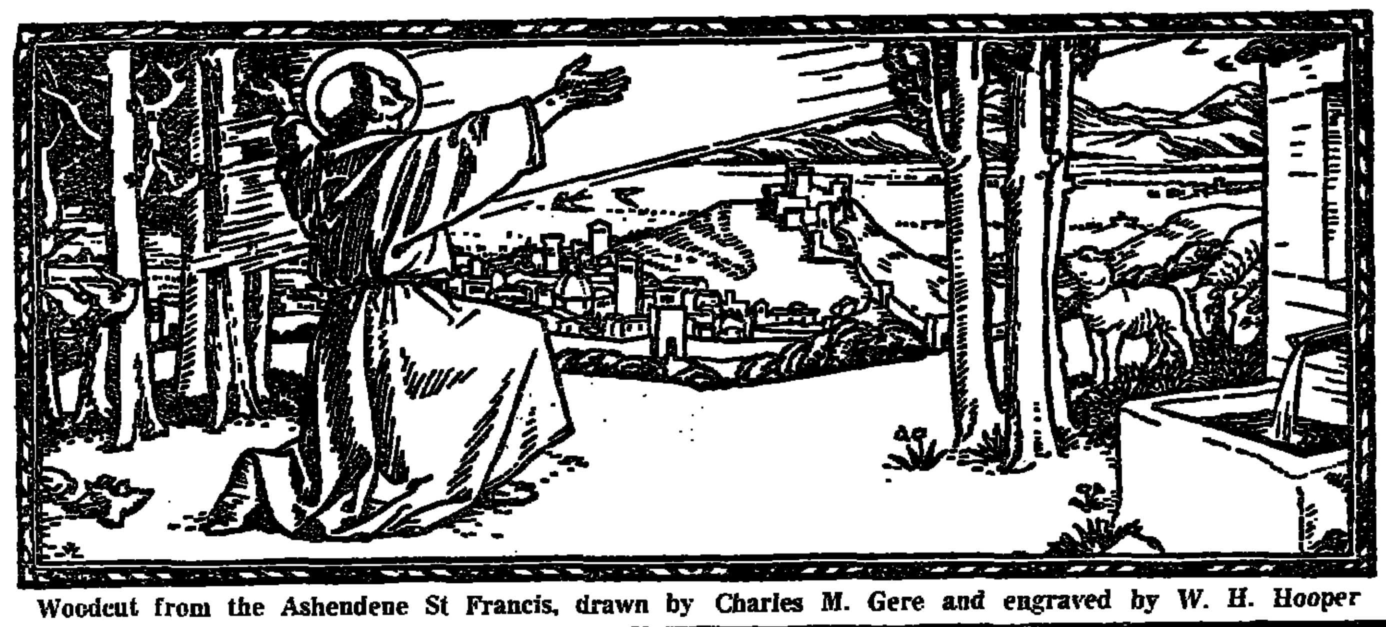
Even bigger than the ABA is the London Book Fair of the Provincial Booksellers Fairs Association at the Russell Hotel, Bloomsbury. It is open on Monday 12-7 and Tuesday and Wednesday 10.30-7.

This year as if there were not enough on the shelves the PBFA has arranged an exhibition of hideous bindings. Some readers despise books as objects, shoving crumpled editions in their pockets as they trek across the moors or jet across the Pacific. But a surprising number of amateur bookbinders systematically ruin the volumes they profess to admire. Not all examples in the exhibition are entirely genuine. At a bookshop recently I saw a volume being attacked with Uhu, Sellotape, Biro and Tippex.

Other fairs are at the Bonnington Hotel, Southampton Row, Bloomsbury, today 11-7 and tomorrow 10-7, and at the Royal National Hotel nearby tomorrow 11-7, Monday and Tuesday 10-7, and the Mayfair Intercontinental Hotel, Berkeley Street, W1, on June 23-24.

They offer cheaper and more mixed stock than the ABA and PBFA but are worth a visit. You may find that they whet your appetite

This year, however, there is another inducement to the persistent purchaser. Those weary of trundling the sealed packages round London or fearful of the heavy journey home can have their books packed and posted to any address in the world at a special desk in the Russell Hotel.



Woodcut from the Ashendene St Francis, drawn by Charles M. Gere and engraved by W. H. Hooper

FOOD FOR THOUGHT

LIFE IS easier these days for city-dwelling food lovers than for country cousins. There may be nothing to beat a freshly pulled lettuce, and the notion of strolling outside the kitchen door to pluck a handuful of sorrel for the soup is very alluring but you can really lay your hands on more good things more readily in London. However, I have an ineradicable inferiority complex about eggs.

Elizabeth David supports the advice that a true boiled egg must have been laid the day it is eaten. Not an easy rule to observe, she admits, but "few people will quarrel with the rule that an egg more than three days old had better be cooked some other way."

I first read these words when I was just starting to cook. I believe everything Mrs David says and I have never felt happy about eggs since. No national marketing machinery can get an egg through the retailing system from hen to plate as quickly as that. So if you live in London, do not keep your own hens and do not have friends who do, you can never have a boiled egg. Your starting point must be this counsel of despair and your efforts devoted to circumventing the problem.

First, there is the question of free range. The answer is that the hens may be happier than the poor beakless creatures in the battery-house, but you will not inherit much. Battery hens do not pass on their misery into the flavour of the eggs, nor free range hens their contentment.

Tasting a whiff of fishmeal in the flesh of broiler chickens is quite a common experience (though the more usual complaint seems to be that they do not taste of anything at all). But into the eggs too? I think not. Free range hens, after all, love to browse on dunghills, do they not? No one can tell a week-old free-range from a week-old battery by eating it: and a fresh battery egg is a darn sight better than a stale free range.

The free range argument is about animal welfare, not about eating. The FRECG Association, which campaigns tirelessly for the availability and standards of free range eggs, does so under a shining animal welfare banner rather than a greasy gastronomic one. There is of course the question of our own welfare too and the sense of anxiety about hormones and antibiotics seeping silently into our diet. But leaving all that aside, we do sprinkle our food literally with preconceptions before eating, as every advertising man knows.

Conjure up the farmyard with auburn-feathered hens pecking about and I fancy an egg for breakfast more readily than if I think of the strip-lit wailing interiors of battery houses. I may not be thinking of the hens' welfare but of the egg on my plate and where its been. So perhaps there is a sense in which a free range egg—all else being equal—does taste better. But with an egg the taste is only a small part of the story.

Until they get really middle-aged, all eggs seem to taste about the same; and a strictly bad egg is quite difficult to achieve these days, as student protesters no doubt soon discover. It is the texture which changes considerably for the worse as the days go by.

A reasonably fresh egg, broken onto a saucer, sits up plumply round the yolk with just a little ring of watery white around the rim. A stale egg is a yolk sitting in a uniform pond of watery stuff. This loss of muscle tone on the part of the egg whites is not accompanied, so far as I can tell, by any worsening of flavour.

But it does seriously offset the chances of producing a nicely composed poached egg and the effect on omelettes is not beneficial. So far as boiled eggs go, I cannot offer an opinion, because as explained, as a city dweller, I have never had "a true boiled egg."

Whatever we think about animal welfare, it is important that the shop has a fast turnover and we can watch the week numbers on the egg box. All sorts of vices have been attributed to supermarket eggs, including yolks too small, yolks the wrong colour (always supposing there is a right colour) and shells too fragile.

There was a time when the shells got so thin they collapsed between finger and thumb as you took them out of the box—but this had not happened to me for some years so perhaps the problem has now been overcome, no doubt by tinkering with the hen's diet.

So by shopping sensibly and keeping them with reasonable care (I suspect that for most of us they have more time to go downhill in the larder between buying and eating than they have on the shop) my eggs may not be a disaster. But shall I never have a first division egg?

Peter Fort

The job Wells has done

ON THURSDAY a special open-air service was held on the Cathedral Green at Wells in Somerset, to celebrate the completion of 10 year's work restoring its magnificent West Front.

Vandalism and the erosive action of the elements, accelerated by pollution, have ravished the 13th century masterpiece that houses the largest gallery of medieval sculpture in the world. There were once 384 statues, cut from soft Mendip Doulting limestone between 1230 and 1260, of Christ and his angels, apostles and Bishops. Just 293 remain, and the Cathedral's decorative capitals, spandrels, tympana and mouldings have been similarly affected.

In 1973 a new Dean took office in Wells. Born in the diocese, the Very Reverend Patrick Mitchell had witnessed the West Front's deterioration for years. He describes the situation as "very serious. We have photographs dating back to the 1860s and another series of the 1920s and you can compare the decay."

Within a year a West Front Committee of national experts had been formed, structural reports drawn-up, methods of conservation and preservation sought and considered. A grant from the Pilgrim Trust financed tests, and in 1976 the Dean launched an appeal to preserve the West Front and the High Vaults in the nave and transcepts, where falling plaster gregations threatened the safety of congregations.

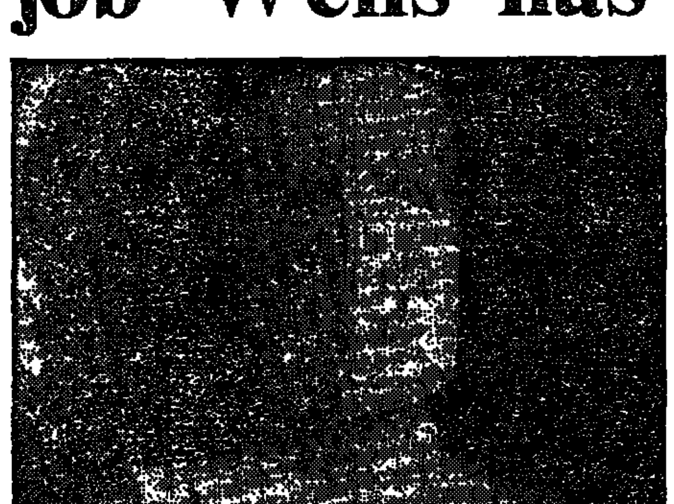


Figure of a knight after restoration: the missing hand has not been replaced

Conway Library, Courtauld Institute of Art

"We haven't restored any figures," the Dean explains. "What we've done is conserve and preserve them for the future. We don't believe in a mixture of 13th and 20th century elements. Where arms, hands or heads were missing, they have not been replaced. Nor have the empty niches been replaced with conjectional sculptures."

In only four cases, where old figures were breaking up and had to be removed, were new sculptures commissioned, including a figure of Christ at the top of the central gable.

The committee had estimated that the work would cost £2.8m and take ten years. In the event inflation fell and it actually cost only £2.33m. Ten per cent was raised through the local diocese, the remainder from businesses, local authorities and trusts, and from the USA.

The method chosen for the conservation of the figures—about half the work—involved slaking hot quick lime on the figures and leaving it for several weeks. It replaces the lime in the limestone figures without using chemical preparation, it allows the stone to breathe and prevents the accumulation of harmful salts.

The lime preparation is partly based on a mediaeval recipe, and is finished off with a shelter coat. All the figures had originally been painted in red, green, gold, partly for preservation.

Doulting stone tends to flake and form a crust; the shelter coat contains caseine and skimmed milk and acts as a transparent varnish.

A team of around 30 stone masons, sculptors and architects worked on the statues, replacing, cleaning and conserving stonework, each mortar mixed to match its surroundings. Most replaced lime-stone came from the original quarry, near Shepton Mallet, though some was imported from France.

Every stone was photographed for a complete archive held at the Courtauld Institute of London University. Samples of paint were sent off for analysis and it was discovered that the statues had been painted before being hoisted into place and retouched in situ. "We'll be leaving for posterity a better account than has been done on any Cathedral project before," says the Dean. "This is terribly important; after all, archaeology goes up as well as down."

Their work is helping other cathedrals: Lincoln and Salisbury are both taking advice and Strasbourg Cathedral has already adopted their methods. "Now we are a teaching cathedral," says the Dean.

But he is concerned that the West Front should not be allowed to decay so drastically in the future. It will be completely surveyed every five years, and the weathering process carefully monitored. "Never again," he says with confidence, "will such a vast operation on the West Front be needed."

The Dean has further ambitious plans to restore his architectural treasure-house, with a 25-year programme to rebuild the cloisters and the Cathedral's central tower.

Adrian Booth

Frontier digging

ON THE Northwest Frontier archaeology blooms. In April a Pakistani-British team finished a second season of work at Bannu, finding a large variety of ancient sites in what is uncharted archaeological, if not military, territory. One of around 4000 BC has a hitherto unknown culture, which has apparent links with Iran and Central Asia, emphasising the geo-political importance of the Frontier in ancient as much as in modern times.

Professor Farid Khan of the University of Peshawar, Mr J. R. Knox of the British Museum and Dr K. D. Thomas of the Institute of Archaeology lead the team which was in the field from February to April this year.

Bannu (population 100,000) is the principal town of a small plain, surrounded by low mountains and drained by rivers which flow into the Indus. It was taken in a bloodless conquest in 1848 by Herbert Edwardes, a young lieutenant in the East India Company, who chose the site of the town, and gave it the name Edwardesabad. The valley's 400 village forts were dismantled and the villagers invited into the new fortified town.

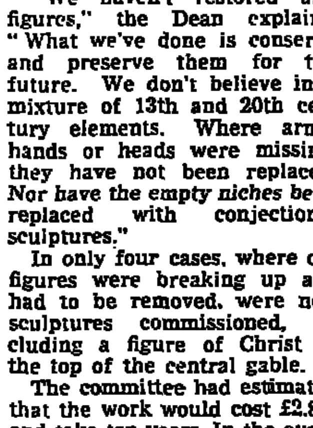
Bannu has changed little since Edwardes laid it out. The town gates are still locked at night, if you want to get in late, you must bang. There is still a mission hospital, now run by Ruth Coggan, daughter of the former Archbishop. But one change is that the team dresses in the local garb of a *shalwar* suit—with baggy trousers— or a *shalwar-khameez* (chemise), a long shirt. Both are ideal for bending down in scrub and heat.

The team goes out with an escort of two armed policemen, under the supervision of the Deputy District Commissioner. Professor Khan being a native of Bannu helps establish that they are on genuine scientific work and not involved in things Afghan or narcotic.

The work of the Bannu Archaeological Project is the first concerted effort to understand the early history of the region. Sir Aurel Stein made hurried visits, naturally with a military escort, in 1905 and 1937, but now there is both surveying and excavation. The sites in the Bannu plain are not *tells* (city mounds) as are common in the Middle East, but spreads of pottery and/or stones.

The early results are exciting. The team has discovered the first mesolithic remains in Pakistan, on fossilised sand dunes. Mesolithic (middle stone age) man harvested wild grains with sickles fitted with small stone blades, known as microliths, and these have been found—at have traces of palaeolithic man, from before 10,000 BC.

Sites dating from the 4th millennium BC to the 1st millennium AD point to a long tradition of life on the northwest Frontier. The most surprising is Sheri Khan Tarakai, of around 4000 BC. It has pottery, alignments of large stones and floors and pits. There is no metal (as yet), but there are blades of chert (a stone like flint) and blade cores, which show that the blades were knapped on the spot. Some pottery has a roughened surface, with silt, grog and grit applied to make the vase porous. Water would then condense and keep cool. It is



The North West Frontier area

a practice still common in much of the world. And, for keeping warm, there were braziers like those used by the Kashmiris today.

The real treat of Sheri Khan Tarakai is its pottery, which seems to belong to a tradition so far unknown in Pakistan. The goats and pendant triangles painted on it are linked to Beluchistan and Afghanistan and so to Iran and all Central Asia.

It is difficult to believe that a few sherds can bring so much excitement but it does happen every so often that new—if few—pieces of pottery in an unexpected place quite alter our view of the past. It will mean re-thinking the early history of Central Asia.

The team returns to Bannu in 1987, when they will have to try to find more of the new culture of Sheri Khan Taragai. When they finish, the old town should have a museum to house finds that are the prehistoric equivalent of the stories of the great travellers of Asia.

Gerald Cadogan

Sea changes for life on the ocean wave

THE GREAT days of the ocean liner are over but the myth and the romance linger on. Those who long for a brief glimpse of life afloat still have the chance, several times a year, to board the last of the breed, Cunard's QE2, and see for themselves what life on the Seven Seas is like. Six Weekend FT journalists answered the call to duty and boarded the QE2 to New York—next week they reveal all. This week, we set the scene with suggestions for a wardrobe to take aboard.

Lucia van der Post

HOW TO SPEND IT

THIS was going to be one of those chirpy little articles telling you how to pack all you need for a five-day liner crossing of the North Atlantic into an overnight bag. You know the kind of thing—just invest in a nifty little kanga and you can wear it out on deck, drape it round you for the captain's cocktail party and if you should happen to run into Nancy Reagan when you get to New York and be invited to lunch at Le Cirque, why it'll be ideal for that, too.

I've read plenty of articles like it in my time but this isn't going to be one of them. Until they find a clairvoyant who can see further and more accurately than the weather forecasters I don't see how it can be done. It's a very unfashionable suggestion but what I think you really need, if you want to feel appropriately dressed most of the time, is as large a trunk (or two smaller ones) as you can handle.

You'll need clothes that will cope with every meteorological vagary from a full-scale gale at sea (when, if you want any fresh air, you'll need to be warmly wrapped up) to the heat-wave that may greet you on arrival in New York.

You'll want to look sporty and be comfortable for trotting round the deck, relaxed for drinking mid-morning bouillon, modestly neat for lunching and, of course, you'll need some glad rags for gracing the evening entertainments that are such a traditional part of shipboard life.

If all that sounds fearfully old-fashioned, the answer is that it's meant to. Cunard, with the QE2 Atlantic crossings, makes a valiant attempt to give us a proper whiff of what the grand old days of steamer life were like, and every encouragement is given to dress the part.

It isn't Cunard's fault if the most important garment of shipboard life, that is the one that you will probably be wearing for more hours than anything else, turns out to be that very modern invention — the track-suit. All over the ship the health and exercise craze has taken root and trainer-footed, track-suited figures are to be seen pounding away in the gym, up at dawn to do breathing exercises on deck, straining away in the aerobics classes.

If you're going to give all that a miss, then skip this bit (stay tuned, though, for later on). But if not, my advice is to choose a track-suit that you really feel good in and then you'll be able to get away with wearing it for most of the day (except for lunch when you will probably want to wear something a little more dressy and besides, if you take part in any of those classes, you'll need a shower).

You can buy sportswear on board but the choice isn't very large and anybody who is doing the journey in reverse (that is, sailing out of New York) will find that America is one of the best places in the world for well-designed, well-priced sports and leisure-wear.

The other bit of advice every fashion editor pounds out, but which really is useful, is to choose a basic colour scheme and plan your wardrobe round it. This really is the only way to cope with the myriad changes you need on board—if every outfit needed a different pair of shoes then you'd need more than just one steamer trunk.

When it comes to colour-schemes it would be hard to better the one the officers wear—in their crisp navy and white they were often the smartest people around. Two of the capsule wardrobes I've chosen to photograph home in on blue and white. Ralph Lauren's silky blue and white collection (with cashmere sweaters to warm it up when the thermometer drops and crisp trousers to make it more practical for day) and Rodier's more nautical navy blue and white both have the kind of classic appeal that will go on looking good for years to come.

Most of the more highly-priced designers these days deliberately plan their annual collections so that customers can always find garments in the latest ranges that will update the clothes they already have. This means that though the initial price of, say the Ralph Lauren or the bronzey/beige Krizia outfits may seem exceedingly high, you can be sure that the individual pieces will last for years and that come next season you will be able to add a single sweater or maybe a jacket that will revitalise the whole look.

Each of the three capsule wardrobes has the real hallmark of versatile clothes—they can be dressed up or down. The Rodier navy blue and white collection has a wide range of skirts and shirts, sweaters and cardigans, which enable the customer to choose from it the look that best suits her—there are long-length woollen cardigans, crisp gaberdine jackets, cotton shirts and silky ones, cardigans and a sweater in bright yellow to give a change of theme. There can hardly be a day-time occasion that the range doesn't cater for. All that is lacking is an evening look.

Ralph Lauren's timelessly beautiful silk collection would look as right at the captain's cocktail party as at a dinner party in the shires. The blue and white silk dressing-gown could be worn as a dress on its own, the houndstooth patterned blue and white silk trousers could be warmed up with a polo-neck cashmere sweater while the silk shirt could be worn equally well with cotton trousers.

As for the Krizia collection, this offers a sharper, more high-fashion look for those who want it and a change of colour-scheme for those who don't much care for blue and white. The bronze and white collection has infinite possibilities—look sharp and elegant for departing and arriving in the suit photographed here, sophisticated by night with a three-quarter length silk tunic worn over the skirt and sportif by day by teaming a sporty sweather with white cotton jodphurs from the collection.

The ranges I have photographed come at rather high prices but they really will go on looking good for years. However, those who can't raise the price-tags will find that it is the principle that matters and it is possible to put together similar capsule wardrobes by wading carefully through the chain-store shelves. It's not just the high-priced designers who have learned that there is money to be made by producing ranges of clothes that all work together and can be put together in different ways. Stick to a colour-scheme, once you have a basic outfit you like buy nothing that doesn't work with it in one way or another and you will soon have a surprisingly versatile collection that will give you many different looks. You don't even have to go to sea to prove the point.

Stylist Monique Bourdon
Make-up B. J. Gillian
Hair Rene Gelston for Shumi
Photographer McGee

Ralph Lauren

Nobody does the classy timeless look better than Ralph Lauren. He seems effortlessly able to capture a mood, a feeling, that gives his customers the reassuring illusion of old-world values surviving in a modern world. Anybody able to afford his modern versions of old-time classics (which come at very New World prices) will find that they really are that elusive thing—investment clothes. They will last the course and always show their class.

The silk blue and white houndstooth-patterned trousers, the relaxed silk blouse with the soft rolled sleeves, the floral-patterned blue and white silk dressing-gown, all can be teamed with many different things to give a completely different look.

Substitute a crisp navy-blue blazer for the robe, to add warmth and a jaunty day-time air. There are cool white silk trousers which would also team with the blazer—add a cashmere sweater and you can face the North Atlantic gales.

The group photographed here above, plus many more pieces that could provide a variety of different options and looks, are all available from Polo Ralph Lauren, 143 New Bond Street, London W1Y 9FD.

Blue and white silk floral robe, £315; blue and white houndstooth trousers, £320. The silk Marmeuse top is £80. Worn with it a lizard belt with a fine buckle, £600. White soft suede shoes with monogram, £130. Pearls from a selection at Sloane Pearls, 49a Sloane Street, London SW1.

Rodier

Rodier, a French company with a distinct Gallic air, currently has a very jaunty collection of knitwear which comes mainly in navy blue and white but offers the odd touch of bright yellow to give a lift to the colour-scheme. The collection is ideal for our cool, unpredictable springs and summers. In the heat-wave weather of last week it would have been much too hot, but for bracing seaside holidays, for North Atlantic crossings, it is perfect.

Besides the knitwear there is a wool coat which is lightweight and tolerably rainproof, gaberdine skirts for those who find wool too heavy, shirts and blouses in silk or cotton, sweaters with or without sleeves in white or bright yellow—all in all a collection from which anybody bound for a seaside or nautical holiday could easily choose a capsule wardrobe.

Photographed here are some knitted trousers, beautifully cut, with crisp turn-ups, in 60 per cent wool, 40 per cent Acrylic, £78. Worn with it is a navy and white striped long-length cardigan (but you could choose coral or yellow stripes) for £68.

Worn under the cardigan is a soft white polo-necked sweater, £24.

Jewellery is by Chanel (from Chanel Boutique, 26 Old Bond Street, London W1X 3AA)—the gilt double necklace is £585, the pearl and gilt ear-rings, a classic Chanel design, £40. Navy and white flat sling backs by Ralph Lauren, £105.

Rodier shops are at 18 Lowndes Street, London SW1, and 84 St John's Wood High Street, NW8 as well as at 11 Exchange Arcade, Nottingham. The clothes are also available from a wide variety of Rodier stockists throughout the country. Ring 01-409 0342 for your nearest Rodier stockist.

Krizia

Anybody travelling to New York should take note that New York women in the smarter avenues are dauntingly well-dressed. As Clare Stubbs, fashion co-ordinator for Harvey Nichols, put it: "In New York the fashion outline is much sharper, much more elegant, than in London. Anybody lunching or dining in the currently fashionable places will immediately notice the difference."

If you're planning a high-profile social life, then Krizia is another of the designers w believes in providing a complete concept from which the fan can pick and choose to suit her own life-sty and her own figure.

The bronze/beige silk suit with a linen look gives a very sharp, up-to-the-minute New York look. The jacket is £49 the short skirt £240. The jacket, however, can be worn on its own with white cotton jodhpur pants. The skirt can turned into a ritzy evening outfit by teaming it either wit a gold ribbed sweater at £130 or adding a simple but very stylish three-quarter length white top (£260), a good belt (£80) and some glittery jewellery.

In the photograph the suit i teamed with a Graham Smith cream hat, £135, available, li all the rest of the clothes, fro Harvey Nichols, Knightsbridg London SW1. The hat from the hat department, the Krizi clothes from the designer room.

WINE

IN LONDON recently there have been a number of the rather rare wine events known as vertical tastings. These sample a number of vintages from a single source, as opposed to horizontal tastings of different wines from the same vintage.

At last month's London Wine Trade Fair, Sotheby's wine department showed four wines in vertical tasting: Brane-Cantenac, Beychevelle, Vieux Ch. Certan and La Louvière.

I was particularly interested to taste the first three wines because in recent years I have sometimes found all of them less appealing than their status and reputation warranted. Brane - Cantenac, a second growth, has seemed rather lacking in character and fullness. Eleven vintages were shown, from '83 back to '28, and on the whole the older years seemed the better.

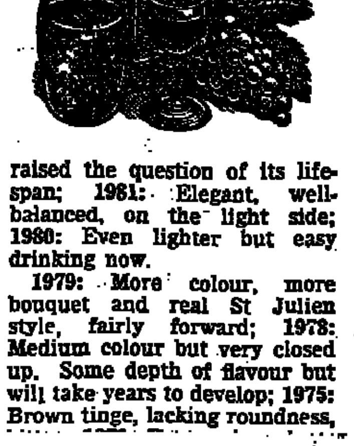
1983: Medium colour, restrained nose that developed in glass, less body than expected, disappointing (opened three ... acidity, light body, short; 1975: Very closed up like many clarets of this year, but had more to it than 1978; 1971: Though brownish in colour had very distinguished Margaux nose, light in flavour but true all the way; 1966: Very brown, vanilla nose, an old wine before its time, drying up.

1964: Old colour, elegant bouquet, a wine of quality but thinning out; 1962: More colour than 1964, very distinguished aroma, more fruit, beautifully balanced; 1961: Brown colour, but rich, vanilla nose, fruity flavour, complete wine; 1959: Good colour for age and year, rich, very round bouquet, full-bodied, fresh flavour. More fruity, surprisingly, than 1961. Outstanding; 1955: Lacked life; 1928: Remarkable in colour, bouquet and fruit, still retaining some of the tannin that marked the vintage.

Francois Lurton, son of the proprietor, Eucien Lurton, said at the tasting that you had to wait 25 years for Brane-Cantenac to show its best. Perhaps he was right.

The 12 Beychevelles ranged from a 1985 cask sample to 1961.

1985: Huge colour, rich con... 1984: Acid, harsh and uncharming; 1983: Full-coloured but hard to taste as both bouquet and flavour were hidden; 1982: Very big colour, rich "chocolate cream" nose, and exceptionally rich taste. Almost ready to drink and, as with other '82s, it



raised the question of its life-span; 1981: Elegant, well-balanced, on the light side; 1980: Even lighter but easy drinking now.

1979: More colour, more bouquet and real St Julien style, fairly forward; 1978: Medium colour but very closed up. Some depth of flavour but will take years to develop; 1975: Brown tinge, lacking roundness, ... centrated, sweet flavour. Delicious. A wine that has always had a special reputation; 1964: Drying up like so many Médocs; 1961: Classic fine Médoc bouquet, lovely complete wine, still held together by its tannin.

The 10 Vieux Ch. Certans ran back from 1983 to 1959.

1983: Very Oaky, tannic and tough; 1982: Fine, but I expected more depth and concentration of flavour from one of the best-sited Pomerols: 1981: Surprisingly, more colour, restrained aroma that developed in glass, but rather light in flavour with some bitterness; 1980: Distinctly brown but with nice light nose and soft flavour for drinking now; 1978: Very good colour, rich concentrated nose and real Pomerol flavour. The best yet; 1975: More fruit than some '75s but very tannic. Which will win, fruit or tannin? 1970: Full-coloured, fragrant, well-balanced flavour, Real Pomerol; 1967: Good for the year, with a "raspberry jam" taste, but a little acid; 1964: Delicious vanilla bouquet and remarkably sweet flavour. A complete Pomerol that has always been thought very fine; 1959: Fine old claret aroma but ...

La Louvière, a Graves property also belonging to the Lurton family, has been coming up in the Bordeaux world, and its white is specially good.

1978 (white): Fine, flavoury Graves with full bouquet and flavour; 1978 (red): Full fruity wine, more forward than many '78s and very drinkable; 1976: Brown, sweet nose and flavour of over-ripe grapes. To be drunk; 1975: More colour, very closed, unattractive; 1970: Good colour and nice nose, fruity flavour. Probably at best; 1966: Very brown, graceful old nose, light, but goes all the way. Long.

These four châteaux have been making wine for a very long time indeed but Ch. Clarke of Listrac, whose recent wines were sampled "vertically" earlier this month, is a new vineyard, although with historic origins. After passing through various hands, it was left derelict in 1950 until Baron Edmond de Rothschild acquired it in 1973 and embarked on a huge planting exercise.

Listrac is one of the six named Haut-Médoc villages (some would say the last), and adjoins Moulis. The predominantly clay soil tends to be heavy ... even harsh. Yet, thanks partly to a scheme of planting to take account of soil variations and still more to the unusually high proportion of Merlot grapes (40-to 45 per cent), Ch. Clarke's wines are better balanced and less astringent than most. The Clarke vintages shown extended from 1985 to 1979.

1985: Particularly interesting as the four grapes in the final blend—Merlot (45 per cent), Cabernet-Sauvignon (41 per cent), Cabernet-Franc (11 per cent) and Petit Verdot (3 per cent—where also shown separately, and the relative softness of the Merlot in the final blend came through. The Cabernet-Sauvignon on its own had a fine Médoc nose but was very tannic and dry; 1984: Charmless, dry; 1983 and 1982; Tasted together. The 1982 had more colour, the 1983 more bouquet. The 1982 was softer and fruitier than the 1983 but opinions varied as to which would develop best; 1981: Lacking in fruit and body, dry. Evidence of young vines; 1980: Softer and easier to drink than expected; 1979: Good colour, fairly fruity but very tannic. Young vines.

Edmund

• BOOKS •

Economy of a tiny scale

BLIND VICTORY: A STUDY IN INCOME WEALTH AND POWER
by David Howell, MP. Hamish Hamilton £10.95, 191 pages

IN THIS short book, Mr David Howell makes a brave attempt to map out almost the whole field of economic and social policy, to expose the errors of others and to point a better way. But he achieves only very limited success. There is no doubt about Mr Howell's enthusiasm, sincerity or wide reading. But his logical and analytical tools are hardly adequate for the ambitious task he sets himself.

His message, so far as it can be summarised, is that economic life and policy have been somehow revolutionised since the 1960s; that both the Keynesians and crude monetarists were largely wrong in their belief in "aggregates"; that the future lies with small units, active individuals and new forms of work; that somehow "personal ownership" should replace or at least supplement pay as a source of income; and that governments should try to meddle less and less with economic policy.

Mr Howell's advocacy is not helped by his addiction to polysyllables such as "collectivism," "anti-centralism," "miniaturisation," "giantism," "micro-processor-technology," and even "Keynesian aggregatism." These fluffy monsters stalk his pages in rather bewildering numbers. But the chief weakness of his method of argument is his tendency to ignore, rather than answer, the contrary case.

In his central view, for instance, that we are all moving into a world of small enterprises in active if not perfect competition, he praises the enormous vitality of "tiny enterprises" in N. Italy, "all achieving economies of scale." But how about Fiat? He tells us again, no doubt correctly, that the emphasis in Japanese policy is on less State intervention. That may be true. But could the immensely successful Japanese steel and shipbuilding industries — or indeed the French nuclear industry — ever have been created without whole-hearted, prolonged and exceedingly careful support and planning by the Governments concerned?

Of course many small firms thrive, and always have done, in a Western mixed economy. But it remains equally true that a large percentage of the UK's exports are still produced by a comparatively few very large firms. And the sprawling conglomerates which are spewning take-over bids all over the London and New York markets hardly get a mention in this book.

In his view that full employment has in some way been outdated by technical change, Mr Howell is simply echoing—almost repeating—the language of numerous books and articles published in 1930-35 which proclaimed that the demand for labour was dwindling towards zero. How foolish these pronouncements looked five or 10 years later! Some of Mr Howell's sentences—eg. "Within the past decade, only half over, the entire technology of industry and commerce had already been transformed beyond recognition"—might have been lifted word for word from the ill-fated literature of the mid-1930s. Then it was "automation," now "micro-electronic technology."

In his contention that anything like full employment has become impossible, Mr Howell averts his eyes from the historical facts and dates. For if this view is right, why was high employment possible up to 1970? Why did employment grow faster than ever in the US in the 1980s? And why was unemployment falling in the UK from 1977 to mid-1979?

In looking finally to "personal ownership" to rescue those for whom old-fashioned full-time jobs can no longer be found, Mr Howell would also be more convincing if he explained how it would in practice work. By common consent, profit-sharing in many forms is desirable, and will probably grow. And it is surprising that this book does not mention, eg, the co-operative movement or the possibility of a publicly-run unit trust. But how (people will ask) can the unemployed ex-steel worker acquire enough funds to become and remain a major shareholder?

Some readers will also wonder how far Mr Howell's hatred of "aggregates" (he means "totals") and his love of independent local ventures would in practice lead him? Would he really let go the central government's control of the budget and monetary machines, or let the Liverpool local authority pursue its own sweet will?

Certainly Mr Howell has made a vigorous contribution here to the debate on some very pressing questions. But he has not answered many of them.

Douglas Jay

A woman obsessed with her self

MELANIE KLEIN
By Phyllis Grosskurth. Hodder & Stoughton, £19.95, 515 pages.

THE SELECTED MELANIE KLEIN
Edited by Juliet Mitchell, Peregrine, £4.95, 256 pages.

MELANIE KLEIN is one of those famous people whose name is better known than her work. Free association might produce an image of a woman's breast, which would not be inappropriate. Those with an interest in psychoanalysis will know that she developed her theories of child analysis in such a way that Freud's daughter Anna became her lifelong enemy. But the details of her life and even of her work have not been widely published.

Phyllis Grosskurth, a Canadian who has previously written on Havelock Ellis and John Addington Symonds, tries to put this right with a large-scale biography and examination of her work. Published at the same time is a paperback selection of her papers, excellently introduced and edited by the feminist and psychoanalyst, Juliet Mitchell.

The first interesting discovery Mrs Grosskurth made were family letters which proved that Melanie Klein falsified her past in her autobiography. She did this both in factual details such as the date of her divorce and also, perhaps more important, in her presentation of her relationship with her mother, which she painted in the glowing colours of the ideal rather than the darkness and pain of the reality. This basic lack of self-knowledge — or, perhaps, honesty—tends to undermine one's confidence in her ability to sort out the psychic problems of others.

She was born Melanie Reizes in Vienna in 1882, the fourth child of a Jewish family where the mother was the dominant figure. Her father died in 1900. Melanie formed an intimate relationship with her only brother, Emmanuel, who was more dissolute than talented and died young, while travelling alone and abroad in 1902. In the following year Melanie married Arthur Klein whom she never loved sexually nor in any other way, but by whom she reluctantly produced three children. Their early upbringing was directed by her mother on the grounds of Melanie's "nervousness." This, then, was the unhappy background which nurtured the guru of child analysis.

Melanie Klein read Freud in 1914 and immediately became fascinated by the role of the unconscious. She attended the Fifth Psycho-Analytic Congress in Budapest in 1918 and went into analysis herself. By the following year she was already confident enough to read her own first paper.

At this point Mrs Grosskurth clarifies a second interesting point about Melanie Klein's

Melanie Klein in youth

early studies of child behaviour. Although she used pseudonyms, her reports were based on analysis of her three children, Hans, Erich and Melitta. This would certainly not be acceptable practices now, and was fairly questionable even then. Sadly, it seems to have been one of the factors that poisoned her relationship with her daughter who later stood shoulder to shoulder with Anna Freud in opposition to her mother.

But at this stage Melanie Klein considered herself a follower of Freud.

Even towards the end of her life she remarked, "I'm a Freudian but not an Anna Freudian." This should not be taken at face value. Melanie Klein's views were different from Freud's both in emphasis and approach. Her studies of very young children led her to place the start of neurosis before Freud's Oedipus complex, at one or two years old. She emphasised the aggressive aspects of the child's relationship with a parent, rather than the sexual. She placed the mother in the forefront of the child's consciousness, rather than the father. Specifically she cited the witnessing of copulation between parents as a major source of anxiety, and the deprivation of the breast, following the birth trauma, as the moment when liability to neurotic depression may be formed.

The other significant point about the Kleinian approach was her lack of interest in a child's environment. Thus her reports on "Richard," a disturbed child she analysed over a long period, never mentioned (because she thought it irrelevant) that his father was almost completely deaf and as a child "Richard" was forced to put his mouth to one ear and shout. Her concentration on the child as father to the man is obviously of great importance, even if her interpretation of a child crashing two toy cars together as parental copulation may seem a matter of conjecture. One of her favourite expressions was "good Mummy genital" or "bad Daddy genital."

She moved from Berlin to England in 1926, under the patronage of Alix Strachey whose husband, James Strachey was a member of the British Psycho-Analytical Society. Contemporary description make Melanie Klein sound sympathetically absurd: a beautiful, obsessive, ungainly woman with a heavy accent, who delivered papers wearing enormous flower-laden hats and longed to go to dance halls. In the early 1930s, before the Society became inundated with Freudians fleeing Nazism, Melanie Klein was London's star psychoanalyst.

Nevertheless she seems too humourless and self-centred a woman to make an attractive heroine. Besides, Mrs Grosskurth has swamped the Klein story with a mass of information about the people working round her, which makes the book turgid reading.

Perhaps the most vivid personal note appears during Melanie's love affair with a German who soon left her for another presumably more light-hearted, lover. Her letters in which she begs to be allowed a farewell meeting are a sad and simple cry for help.

Rachel Billington

Portrait in old age, by Feliks Topolski

BRIDGE

IN SOME deals squeeze possibilities are apparent as soon as dummy goes down, and we can envisage the end-positions. Today's hands are not so cut and dried. We start with the Count Squeeze:

N
♠ A Q 6
♡ A J 10 5
◇ 10 8 3
♣ K J 7

W
♠ K 7 2
♡ 8 7 6
◇ Q 2
♣ 10 9 6 5 4

E
♠ 10 8 5 3
♡ 9 4 3
◇ J 7 5 4
♣ Q 2

S
♠ J 9 4
♡ K Q 2
◇ A K 9 6
♣ A 9 3

With both sides vulnerable, South dealt and bid one no trump. North replied with four no trumps, a quantitative bid suggesting that a slam might be on, if South's opening was better than minimum. With 17 points and reasonable "undergrowth" South accepted the invitation, and his bid of six no trumps concluded the auction.

West led a passive eight of hearts, the declarer won with his king, and took stock. There was plenty of work to be done. He started by trying the spade finesse, led his four, and finessed dummy's queen. When this held, he switched to the diamond three, and finessed his nine.

The queen won, and West led another heart.

Winning with dummy's ten, declarer played the ten of diamonds, which held, and then cashed his ace and king, West discarding two clubs, and dummy throwing the six of spades. Now the heart queen was overtaken by the ace, and the knave was cashed, drawing another club from West, and a spade from East, while South parted with the club three.

The declarer cashed the ace of clubs and continued with the nine. When West followed with the ten, South knew that he had no more—his other card was the king of spades—and as West had produced five diamonds, East could have only two. So dummy's king was played to drop the queen and score the slam.

We turn to the Double Squeeze:

N
♠ A 6 4
♡ K J 5
◇ 7
♣ 10 7 6 5 3 2

W
♠ 8 2
♡ 10 8 7 2
◇ A J 4
♣ A K 10 8

E
♠ 7 5
♡ Q 9 6 4
◇ K Q 9 6 3
♣ J 4

S
♠ K Q J 10 9 3
♡ A 3
◇ 10 8 5 2
♣ 9

West dealt at game to East-West, and bid one club. East replied with one diamond, and South overcalled with two spades, for which he has not really the qualifications.

However, after West passed, North raised to four spades, which became the final contract.

West won trick one with the club ace. He then switched to a trump, taken by the nine, and South returned the diamond two. Winning with the knave, West led another spade to dummy's ace. A club was ruffed in hand, East dropping the knave, and a second diamond was won by East, who returned another diamond. This brought forth West's ace, which was ruffed with dummy's ace of spades, and a club was ruffed in hand.

The declarer now cashed his spade king, to leave a four-card ending. West held three hearts to the ten and the club king; *dummy had his three hearts and the club ten;* East held three hearts to the queen and the diamond king, while South held the spade queen, ace and three of hearts, *and the diamond ten.*

By perfect timing South has reached a double squeeze position. When the spade queen was led, West had to discard a heart, and dummy threw the club ten, which was no longer needed. Now East was under pressure. He too had to throw a heart, so declarer cashed ace and king of hearts, knowing the queen must fall.

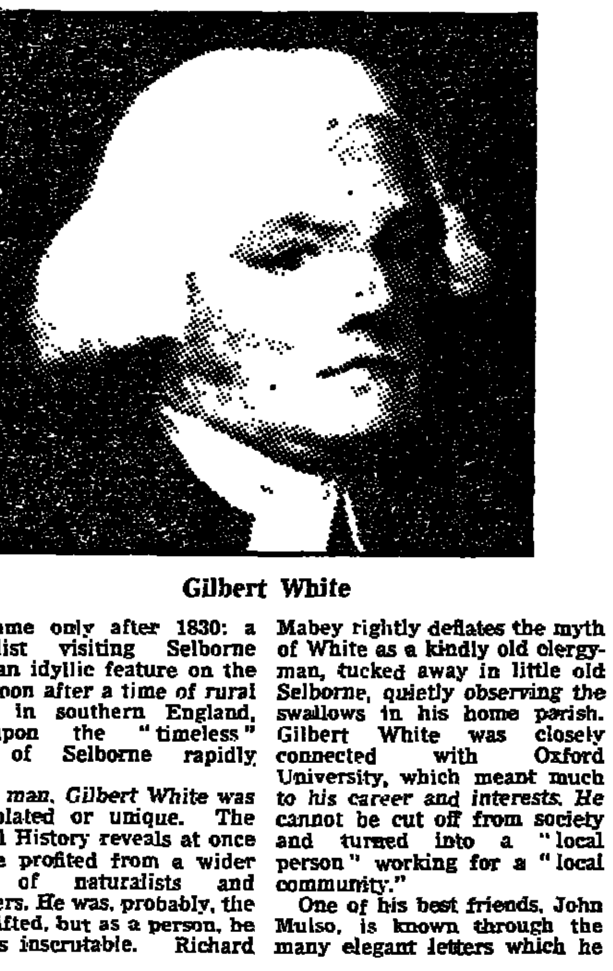
E. P. C. Cotter

A natural life

GILBERT WHITE: A BIOGRAPHY OF THE AUTHOR OF THE NATURAL HISTORY OF SELBORNE
by Richard Mabey. Century £14.95, 239 pages

RICHARD MABEY has fired his first shot in an imminent bicentenary salvo. In 1989, 200 years will have passed since the publication of the Natural History of Selborne by Gilbert White, the naturalist and clergyman. No doubt the book-packagers are already tinting their photographs and tooling their bindings for the latest bout of Selborne publishing. It has been described as the fourth most published book in English. By 1990, it may well be second only to the Bible. There are also plans to republish White's Journals and Garden Kalendar, which will be most welcome. I enjoy the latter at least as much as the famous, Natural History.

However, I must confess that my enjoyment has never been particularly high. I admire the work greatly, but that is another matter. Its qualities are its exact observations and occasional flashes of phrase: Richard Mabey is very good on them and quotes a passage on birds in flight, a subject which always brought the best out of White's style. As a whole, I feel about the Natural History what I feel about Parson Woodford's diary: for readers, the good bits are very few and far between. Richard Mabey remarks how the book sprang



Gilbert White

into fame only after 1830: a journalist visiting Selborne wrote an idyllic feature on the place soon after a time of rural unrest in southern England, whereupon the "timeless" myth of Selborne rapidly spread.

As a man, Gilbert White was not isolated or unique. The Natural History reveals at once how he profited from a wider circle of naturalists and observers. He was, probably, the most gifted, but as a person, he remains inscrutable. Richard Mabey rightly deflates the myth of White as a kindly old clergyman, tucked away in little old Selborne, quietly observing the swallows in his home parish. Gilbert White was closely connected with Oxford University, which meant much *to his career and interests. He* cannot be cut off from society and turned into a "local person" working for a "local community."

One of his best friends, John Mulso, is known through the many elegant letters which he wrote to Gilbert White, but as we do not have White's answers, a straightforward biography is *rather difficult. In later years,* we have White's Kalendar, Journals and so forth but they are not very strong on human details, let alone on relationships, moods and aspirations. A life of White cannot help becoming a history of his garden-walling, although Richard Mabey adds as much as he can. In 1763, Selborne had some lively summer visitors, one of whose females, Kitty Battie, left a journal of her "Happiest days in the Happy valley." At parties, the men dressed as country swains and hermits and for once, we see a lively world.

The Wakes, Gilbert White's house, is rather grim, nowadays: this biography runs easily and colloquially and does as much for White's fame as a life can. There is still room for more general reflections on White and contemporary views of the natural world, beginning, as he did, from Virgil. Like everybody else, I treasure White's fondness for house-martins and his contemporary belief that swallows hibernated under water. As Dr Johnson also put it, "swallows certainly sleep all the winter. A number of them conglobulate together by flying round and round and then all *in a heap throw* themselves under water and lie in the bed of a river." Here, as elsewhere, White was not alone in his opinions.

Robin Lane Fox

Adrift in the past
Fiction

THE GENTLE TOURIST
By Jill Delay. André Deutsche, £8.95, 104 pages

A DANCE FOR THE MOON
By Richard Burns. Cape, £9.95, 173 pages

WOMEN OF A CERTAIN AGE
By Colleen Klein. Century, £8.95, 145 pages

JILL DELAY's The Gentle Tourist is a first novel: very short, without wasted words or feelings. Lorenzo D'Ayala is Sicilian, elderly, recently widowed after a long, uneventful, unfulfilling marriage: an archivist in the local Institute *of Fine Arts.* He has an unloving son in Milan, so is much on his own in Palermo. First the maids leave, so the large apartment grows dirty. Then, when a new broom from Rome takes over at the Institute, D'Ayala is sacked. There follow sexual fantasies, depression, and efforts by his daughter-in-law to have him taught geriatric bridge.

The only memorable connection with his past is his friendship with an Austrian Jewish publisher, George Caplan, now in London, ill and calling for him. Since his mother was English, D'Ayala knows the *ropes in an Anglo-Saxon world,* has even inherited her blondeness and height. Dying, Caplan bequeaths his friend what he holds dearest.

D'Ayala's life has been almost empty not just of incident but of feeling, of worthy involvements with others; a disappointing marriage, an unapproachable, unattractive son, only the intermittent friendship with far-away Caplan to recall with affection and warmth, the only relationship with point and purpose. Clinging to that, with an intuitive sense of what matters, he homes in on a new life.

This is an extraordinarily *accomplished debut.* It is almost a novella in its economy and brevity, but rich in its close-knit imaginative life, its snapshots of the past, its atmosphere of attractive staidness; of feeling as it were banked up, unused. The writing is fluent, simple in structure but strikingly exact: at times almost dreamlike, with a mixture of realism and a sort of inner tenderness.

"Officers got shell shock; privates got drunk": so thinks the angry railwayman who sets fire to the 'Ome, as it is locally called, for well-heeled derelicts of the First World War.

In Richard Burns's A Dance for the Moon, David is a young poet unable to adjust to the post-war world, sent to the 'Ome *by his mother in* a desperate, loving effort to find healing for his broken spirit. Penn, an American Freudian, does his best with rest and mainstream analysis; his wife Mary gets more involved. It is hard to provocation, in Penn's final hounding of his patient to despair, madness and suicide.

The novel is formed kaleidoscopically out of fragments of *action and experience: from the* past (David's schooling, then his war), the present (1920), various people in various places all knitted together by poems, supposedly David's. They are brief and abrupt but persuasive: a sort of miror-image of David's inner turmoil, outer calm. He cannot adjust to life after hell, but neither can he adjust to modernity. A disconcertingly quiet novel about the underlying violence of feeling, and the *post-war death — for some —* of hope and peace.

Colleen Klein's Women of a Certain Age is Australian; cleverly observant, with changing suburbia perfectly in its sights. The rich, much-married matrons (homelier than Dallas but dressier than their English equivalents) are at odds not so much with their world as with their roles in it.

Brought up to use sex as a weapon, to wheedle and cajole for what they want, they are uncertain in the face of the young, of feminism, of classlessness. When the children have gone, what is left?

Without work of her own or scope for her energies and intelligence, Elissa is adrift in the boredom of coffee mornings, ladies' lunches, and the sexually segregated life of husband's colleagues on the one hand, wives on the other. Her daughters are not so much a disappointment as an outrage: one has married a randy carpenter, has four scruffy children who live on lentils, and has moved into another world. The other, successful on the stage, produces headlines like "Australian Actress in Nude Romp" to make the neighbours squeal with gleeful embarrassment.

So what is she to do? A new garden, a new baby? This is excellent mainstream writing: intelligent, crisp, often funny: not so much "women's writing" as writing, at a fair level of talent, about women today, washed up from an earlier age.

Isabel Quigly

Textual odyssey

ULYSSES: THE CORRECTED TEXT
By James Joyce, edited by Hans Walter Gabler with Wolfhard Steppe and Claus Melchior. Bodley Head, £18.00, 650 pages. Penguin, £7.50. Penguin Student Edition £10.95.

ULYSSES WAS published on Joyce's 40th birthday, February 2 1922 in a limited edition of 1,000 numbered copies. It was full of misprints. Given Joyce's system of composition the errors were less surprising than the accuracies.

For each episode he first compiled rough notes and drafts, then wrote out a working version. Three copies of the typescript were produced, of which, after revision, two were sent for publication by the Egoist and the Little Review. The third was used for setting the book.

After each episode had been typeset in Dijon, by a firm whose foreman knew just enough English to be a menace, Joyce worked on the proofs without a copy of his original in front of him, and at the and a half." Sylvia Beach, his patron, had arranged that he should have as many proofs as he wanted; he used as many as nine or ten for each section of Ulysses always adding, rarely altering or deleting, eventually expanding the whole text by a third.

All subsequent editions derived from the first, becoming what one bibliographer has *appreciatively called* "a classic case of textual deterioration." The best-selling Penguin edition, for example, contained the accumulated corruptions of three previous printings, as well as its own misprints.

Fortunately many of Joyce's manuscripts, typescripts and *proofs survived. From 1977 to* 1984 they were worked on by Hans Walter Gabler, Professor of Philology at Munich and team using a sophisticated computer programme. Their aim was not so much to correct the first edition as to produce an ideal edition from scratch, *tracing the stages by which* Joyce built up the text. In 1984 they published, in three volumes costing £163, a parallel text. This offered on the left a "genetic" presentation which showed by a complex versions through which Joyce worked, and on the right a plain text arrived at by editorial decision.

These three "reading editions" now published give Gabler's plain text without the editorial apparatus. Visually *the only obvious change is a* new system of line-numbering for each section, similar to that used for Shakespeare or Milton texts. This may be offputting but is necessary; until now reference to Ulysses has been an arbitrary, chaotic affair, calling for sets of conversion charts between different copies.

Textually there are over 5,000 corrections, nearly all of which serve to make the book sharper, more coherent, odder —more Joycean. Few are large-scale. The biggest restores five lines from "Scylla and Charybdis" about love, which answer a *famous puzzle from* "Circe," about the identity of "The word known to all men" begged by Stephen from his mother's ghost Other lost or distorted passages are made clear. But it is at the local level that the text is most improved.

If any book teaches us to *care about the smallest particulars of language it is Ulysses.* The textual editor's distinction between "substantives" and "accidentals" does not apply to Joyce. At the level of punctuation, spelling, capitalisation and seven changes on each page; taken together they genuinely enhance the text, bringing it into closer focus. In its opening "Telemachus" section Buck Mulligan now speaks with loud exclamation marks, left out before because they were not on *a certain typewriter.* In "Eumaeus" the wonderfully dozy rhythm of the sentences is no longer interrupted by the superfluous commas inserted by *a would-be helpful amanuensis.*

The typeface of all these new editions is very small indeed but adequately clear. The Bodley Head hardback is stoutly bound, has an elegant plain jacket, and is fairly priced. The Penguin Modern Classic drops the intimidating line-numbers *but it otherwise the same text* — again, not excessively priced. The "Student Edition," however, seems to imply a derisive view of the anticipated clientèle. It has wider margins to accommodate the line-numbering, but it is printed on heavier, coarser paper, it has a less appealing *cover, and no further notes.*

Perhaps this is fair enough. It is ridiculous that Ulyssses of all books has become so imprisoned in academe, fenced of from the ordinary reader. This superb edition of the funniest novel of this century in our language stands as a shining exception to the dismal trend.

Designs on the theatre

LAST Monday night, Richard Pilbrow sat in the Theatre Royal, Brighton and watched Paul Scofield in *I'm Not Rappaport*, the new American play he is producing in the West End, opening at the Apollo on July 8.

The previous week, *Rappaport* had played at the Birmingham Rep and the difference was noticeable. The improvement, says Pilbrow, was 100 per cent. Why? The Rep, he submits, is a concrete mausoleum with good sightlines but no atmosphere. The Royal is one of Charles Phipps's classic Victorian houses, a refurbished Georgian theatre that makes its audiences feel at home and at ease.

This page has lately reported on the importance of theatre architecture and the growing disenchantment with the civic blockbuster barns of the 1950s and 1960s. Richard Pilbrow, chairman of Theatre Projects, the lighting and design consultancy firm he founded in 1957, is in fact largely responsible for places like the Birmingham Rep—and the National Theatre, and the Barbican.

His firm acted as consultants on theatres he now dislikes intensely. The past 20 years, he says, have seen a process of learning and changing attitudes on his part, and recantation is now complete with his observation that, in *Rappaport*, the essential ingredients, highly theatrical, lie merely in "two wondrous actors telling an amazing story" (Scofield is playing opposite the black American artist Howard Rollins).

Pilbrow, who built up his business on an unimpeachable reputation as a brilliant lighting designer, first saw the other light when the Young Vic opened in 1970. Since then he and his partners have developed a philosophy of theatre design largely based on the galleried courtyard principle as developed from the Elizabethan and Jacobean stages by the Georgian theatre. The audience is brought into close contact with a thrust stage, often piled high around it, and scenic decoration is confined to costume, lighting and the human presence itself, whether onstage or poised around the acting space.

The first theatre constructed on these principles by Theatre Projects was the venue at Christ's Hospital. Subsequent designs have been the National's Cottesloe (painted black by Peter Hall, much to Pilbrow's disappointment and irritation), the Tricycle in Kilburn and, in my view the best of the lot, the Wilde at Bracknell. En route, there was also the Royal Exchange in Manchester, a fantastic and exciting example of the invasion of a non-theatrical space (the Victorian corn exchange) by a steep, galleried, tubular module that creates a sense equally of intimacy and occasion.

Paul Scofield and Howard Rollins in I'm Not Rappaport

The days of the fan-shaped theatre, be it in Birmingham or on the South Bank, are gone, according to the man who reckons this subject is really hotting up. "The theatre has to be competitive to survive, and theatre competes best by doing what it does best, which is exploiting the person to person relationship between actor and audience."

Theatre Projects thus fulfils a valuable proselytizing function as well as a practical role. From the simple hiring out of lamps, the firm has progressed to an internationally respected consultancy on all production and design matters. The producing of shows themselves has taken a back seat recently, but Pilbrow—who was involved in the London productions of *Cabaret*, *Company* and the Ian McKellen career-launching double of *Edward II* and *Richard II*—is a "hands-on sort of person" and is raising the company's producing profile once more, not just with *Rappaport*, but also with Roger Rees's *Double Double* (which will do little for his good name, I fear), the Croydon Warehouse-originated *Some Kind of Hero* at the Young Vic and, later in the summer at Chichester, Frankie Howerd in a revival of *A Funny Thing Happened on the Way to the Forum* (another of his former London presentations, but now in a revamped version by one of the authors, *M.A.S.H.* man Larry Gelbart).

The rental side of the business has been sold off and the staff pruned to just 25 in London, six in the United States and representatives in Hong Kong and Singapore. When I last interviewed Pilbrow, in 1978, he had just signed a contract to consult the Shah of Iran on a chain of cultural centres. All these fees were lost in the subsequent upheaval, but an Iranian driver who was working for Theatre Projects out there turned up in London the other day saying they owed *him* money!

The biggest market now is North America (including Canada), which accounts for 80 per cent of the consultancy turnover, a figure in excess of £5m. The courtyard theatre philosophy has caught on there very quickly and Pilbrow finds America stimulatingly responsive to environmental ideas and plans.

"You must bear in mind the life generated around a thriving theatre. The Lincoln Centre cost about $100m to build; it generates approximately the same amount of money in the area *each year*. We are incredibly naive about this side of things in Britain. In Shaftesbury Avenue, about half the theatres are now mixed-use developments and indeed always were: the Her Majesty's used to have what is now New Zealand House next door as an hotel. So we are only returning to a principle, not inventing one."

Theatre Projects has advised on the plans for the old Playhouse at Charing Cross, keeping the stage and "its very beautiful art nouveau decorations" while developing residential flats above it which will fund the restoration.

And Pilbrow is particularly anxious to restore and revitalise the Lyceum, where he was instrumental in transferring the National's *Mysteries*. London, he reckons, could have its cake and eat it: "If the building is handled properly, Mecca, the sitting tenants, could have a wonderful disco facility, and we a much needed 2,000-seater theatre. What for instance, will happen when Covent Garden is shut to be rebuilt, as it will be, in the 1990s . . . ?"

Meanwhile, Pilbrow has been lecturing in China on behalf of the Ministry of Arts, giving a ten-hour seminar on design and technology. The unleashing of the cultural activity there could compensate, this decade, for the loss of revenue in Iran. The markets are there but not, as yet, the money.

And what of the state of his original craft of lighting? "I went to see *Chess* and wanted immediately to call a meeting of the Association of Lighting Designers, which I started, and pull the pin. It's difficult to comment without sounding really old (Pilbrow is a genial and unflappable cove of 53) but what happens in *Chess* is both truly wonderful and truly dreadful. It is, in fact, no more spectacular than was Lionel Bart's *Blitz* 25 years ago, and exposed lamps were used first in this country not by the Royal Court, not even by the late great Sean Kelly, but in Cambridge in the 1920s."

Which goes to show that, as in theatrical design and architecture, innovation is nothing new and first principles much more than a last resort.

Michael Coveney

Lyceum tug of war

BRITAIN'S MAJOR dance companies are anxiously awaiting the outcome of a tug-of-war currently taking place for control of the Lyceum Theatre, one of London's most famous and architecturally attractive theatres.

This week a group of anonymous dance patrons were finalising plans for buying the theatre and turning it into a 2,200-seater venue—larger than the Royal Opera House—not only for the Royal Ballet and London Festival Ballet but also for a clutch of overseas dance companies at present unable to visit London because of the lack of a suitable venue.

Stephen Hetherington, an arts impresario who has put together the offer for the financial backers, firmly believes that this proposal "is probably London's best and last hope of realising the ambition of establishing a dance theatre in the city."

The Hetherington proposals, however, face a formidable obstacle in the fact that Mecca Leisure has been the sitting tenant since 1945, using the venue for a variety of functions, including rock concerts and ballroom dancing. The company, which last year was bought out by its management from Grand Metropolitan, is seeking a long lease and has ambitious plans to create a major entertainments complex in the centre of London.

The impetus for this tug-of-war for the Lyceum, a Grade II listed building whose stage in the last century was graced by such as Sir Henry Irving and Ellen Terry, is a direct consequence of the abolition of the Greater London Council earlier this year.

The GLC as freeholder of the Lyceum last year took the view that London needed fewer elitist theatres and more venues aimed at popular entertainment. It granted Mecca a 125-year lease to enable it to press ahead with its £4m redevelopment plan, which would retain the facade but significantly improve the delapidated interior.

Earlier this year, however, the Environment Secretary stepped in and countermanded the granting of the lease by the GLC. The decision on the future of the Lyceum was to be taken by the London Residuary Body, set up to dispose of the GLC's assets.

Support for a national dance theatre has been gaining ground steadily in recent years. An Arts Council inquiry concluded in 1983 that the council should urgently initiate a study and plans for a dance theatre, "without which the art of dance may decline in creative lines and some public interest may be lost."

Subsequently, a feasibility study commissioned by the council proposed that a purpose-built dance theatre be sought as the optimum solution. The best alternative at that time was to acquire the Theatre Royal in Drury Lane—but there now appears little chance of its owners, Stoll Moss, selling it. The Lyceum is now the clear favourite for a dance house, not only because there is a chance of it being available but also because of the excellent sight lines for the audience.

The need for a dance theatre is two-fold. The Royal Ballet itself would welcome the chance for more opportunities for regular performances since it is restricted at present by sharing the Opera House with the Royal Opera. More ballet performances would help it develop dancers, who sometimes have to wait weeks between performances, as well as attracting audiences to ballet who are perhaps put off by the Opera House's grandeur.

In addition, the London Festival Ballet is urgently in need of a proper London home.

The Sadler's Wells Theatre, traditionally London's alternative dance theatre but with restricted facilities for the large dance companies, is taking the threat from the Lyceum seriously. Next week it is announcing plans to make it a more attractive venue for dance.

The prospects for the Lyceum becoming Britain's dance home still appear slim. Mecca is adamant that it intends to press ahead with its entertainment complex and it is in a strong position as the current leaseholder, whoever the London Residuary Body may decide should eventually become the long leaseholder (the freehold is likely to be given to the Theatres Trust, which already has been granted the freeholds to the Lyric and Garrick theatres).

The best hope for Mr Hetherington and his backers may be to come to a separate deal with Mecca, perhaps involving another site. Dancers—either disco or ballet—should know the outcome within a few weeks.

David Churchill

Vienna, festival at home

MOST music-minded visitors find Vienna a sufficiently attractive place at any season. The Vienna Festival Weeks in May and June, during which those attractions overflow, are not ostensibly aimed at the tourists (as the Salzburg Festival is) but at the culture-hungry Viennese themselves. The Vienna Philharmonic appears outside its sold-out subscription series; the performances of the State Opera and the Volksoper are supplemented by visiting opera companies. Among this year's special shows, a group called Serapion takes its audience by boat to a tented theatre by the Danube for a highly original combination of dance, mime, light, water and music.

The State Opera remains in the class of Covent Garden, New York's Metropolitan, or Milan's La Scala: that is, its allure depends on the presence of the world's highest-paid stars. If you arrive for an opera in which Placido Domingo *did* sing but tonight is not doing so, you may sink into such misery as I did at *La Gioconda*: here was a tenor without musical grace (Giorgio Merighi), a soprano with an overpowering vocal wobble and alarming chest-notes (Eva Marton) and consolation only from a new-ish Soviet mezzo-soprano, Ludmila Semchuk, and from the ballet. Adam Fischer cared decently for Ponchielli's score.

Regretting as I do London's meagre cultivation of operetta, I count on finding some satisfactory replenishment at Vienna's Volksoper, where the title of "people's opera" is interpreted to embrace *Hello, Dolly* as well as Handel's *Giustino*. Its latest production is, unusually, not a Viennese but a Berlin operetta: Leo Fall's *Madame Pompadour* (1922), in which Evelyn Laye long ago starred in London. It makes an agreeable song-and-dance evening, with the principal comedian ad-libbing an extra, post-Chernobyl verse about taking care to drink only tested milk.

Invited to perform *The Marriage of Figaro* in the city where that masterpiece was born (and thus to become the first British opera company ever to take part in the Festival Weeks), how could Kent Opera resist? Somehow its modest resources were to show David's strengths among the Goliaths of opera. Alas, the enthusiasm of the first-night audience at the *Theatre an der Wien* was followed by aggressive criticism in three out of four Vienna dailies. The reviewers spared neither Nicholas Hytner's production ("Mozart of the day before yesterday") nor the singing ("a high-school performance of blue-eyed naivety and incompetence"). The musical direction of Ivan Fischer, brother of the State Opera's Adam Fischer, was allowed a saving grace.

Such severity, extended to an attack on the professional judgment of the festival director, Dr Ursula Pasterk, might seem excessive, but with its general thrust I could not quarrel. Kent Opera's *Figaro*, re-learnt in Italian at the sacrifice of English fluency, received a slack staging and a nervous, error-prone performance. (The company's distinction at home has been won in Monteverdi, Handel, and Tippett, not in Mozart.) No comedy came from the Susanna or flicked across the unhistorically moustached face of Figaro. The Count and Countess (Alan Oke, Lynne Dawson) were somewhat stronger, with Andrew Shore making much of Antonio's small role; the nimble Cherubino (Eirian James) was somewhat below her vocal best, and the Marcellina and Barbarina totally inadequate.

Preceding this at the same theatre, East Berlin's celebrated Komische Oper presented Aribert Reimann's *Lear*—in which Harry Kupfer's multi-levelled, modern-dressed, fantastically draped staging held the attention when the ear wearied of vocal ranting punctuated by shrieking trumpets and onslaughts of percussion. An unusual 48-part string texture achieved some pathos when the voices fell silent, but this is hardly the Shakespeare opera Britain is waiting for.

My most powerfully experienced musical occasion in Vienna was in re-hearing the Philharmonic in the unmatched acoustics of its hall, the Musikverein. Tradition rules—unfairly, as in the continued exclusion of women. But the glow and certitude imparted by Carlo Maria Giulini to Hayden's *Symphony No. 99* and Bruckner's Seventh, were irresistible.

Arthur Jacobs

Yanks not badly missed

Saleroom

ALL IS FOR the best in the best of possible worlds; so says Voltaire's Dr Pangloss, and there will be few antique dealers to disagree with him. It is in their interest to talk up the trade. "This is always the best time to buy this superb piece at this ridiculously fair price."

The fact that the dealers at the Grosvenor House Fair (which ends today) are now prepared to acknowledge that the last six months have been pretty tough is the most convincing argument to agree with them that the tide has now turned and that the Fair has injected fresh confidence into the antique business.

The 85 leading dealers who assembled in the Great Room at the Grosvenor last week were undoubtedly in an apprehensive mood. Would the Americans, who in their free spending way had made last year's Fair such a success, be coming? The fall in the dollar and terrorist fears seemed likely to deter the casual millionaire, the man (or his wife) who drop in out of the blue and fall in love with a £50,000 commode or a £20,000 picture.

In the event there were fewer Americans, but their absence was partly made good by the new breed of rich Briton, and by the Continentals, plus a smattering of Japanese. This year's Grosvenor House has been better than anticipated but not as good as it might have been.

The picture dealers generally seemed happier than the furniture trade, while marketeers of silver and Chinese works of art had few complaints. But with the supply of really good things diminishing each year, the sight of paying customers has given the business a much-needed boost.

The hot weather this week hit business, and dealers complained bitterly about the lack of air conditioning. To a visitor the Fair looked marvellous; it is hardly surprising that the very rich get carried away by the splendour of it all.

There was an American who had never bought an Old Master painting before but who shelled out £400,000 to Johnny van Haeften for a Pieter Brueghel the Younger, and a complete stranger to Chinese specialists Bluett & Sons who walked off with a large horse. Since most dealers see the Fair in terms of publicity, as an opportunity to meet old customers or to talk the casually interested into visiting their nearby shops, the appearance of a new buyer is jam indeed.

Thisbe by Waterhouse

Some dealers worry about the length of the Fair; 10 days gives uncertain purchasers too much time to make up their minds. On Wednesday, for example, Spink was on tenterhooks over a potential buyer for a £180,000 Cartier clock, while Whitford & Hughes was waiting to hear whether they had sold a Waterhouse for £150,000.

The Waterhouse, of Thisbe listening at the wall for her Pyramus, reminds the visitor of the symbiosis that exists between dealers and salerooms, for all the rude names they call each other. It was offered earlier this year at Sotheby's and sold for £93,500. Here it was priced at £150,000. There was "Pearls for Kisses," by Fred Appleyard, bought at the second time of asking in three months for £8,800 at Phillips in March, and now on Christopher Wood's stand a £16,000 painting. Obviously there are buyers of art who are prepared to pay generously for the servicing of dealers.

The picture dealers generally were in a sanguine mood. David Messum had sold half a dozen major paintings, including a Laura Knight for £50,000 and "The boatbuilders yard" by La Thangue for £46,000, to the National Maritime Museum (with the aid of the National Arts Collections Fund). Browse Darby found a buyer for a Degas sketch "Femme se coiffant" on the first day, while William Drummond seemed to have judged the market right by offering modestly priced watercolours, and more, and disposing of 32 items on the first day.

Undoubtedly the raising of the upper limit on the age of the works of art to 1914, which let in many modern British pictures, has given Grosvenor House a fresh visual lease of life. No longer is it a brown ghetto of the furniture trade: it is now a cornucopia of delights. There was even Maggs, the bookseller, exhibiting for the first time, and pleased with the number of enquirers it was passing on to its Berkeley Square HQ including a lady who had just bought a large bookcase and needed some books of a convenient size.

Some leading furniture dealers were content rather than ecstatic. Stair and Apter-Fredericks, who last year were rushed off their feet by American buying, constantly returning to their shops for fresh stock, reported a slight decline in business, although it was better than expected.

The Amercin passion for English furniture seems to be temporarily assuaged now that currency changes have pushed up prices.

But in the main the spate of major fairs in London, coinciding with good auctions at Sotheby's and Christie's, have confirmed that there is still life in the fineart markets.

Antony Thorncroft

Radio

A life in fiction

WRITING from Bracken House, where a bust of Lord Bracken commands the entrance hall, I cannot refrain from commenting on Thomas Kilroy's *That Man, Bracken* (Radio 3, Friday). It is an avowed work of fiction, as some people might say Lord Bracken's own life was, but it is based on what is known of Bracken's life as well as what he himself put into it and what is added for dramatic savour. The author later used it as a component of his play *Double Cross*.

Truth and lies build an extraordinary figure, a poor Irish boy sent to Australia at 16, who returned to pay for his public school education from his own bank account, became an intimate of Winston Churchill and a member of his Cabinet, had no love-life save with someone referred to as Popsie who sat at his terminal sick-bed dressed as a Scoutmaster. Alan Rickman gave a lively performance, T. P. McKenna a thoughtful narration, but the eminent persons who flashed through his life were not more than sketches. Robert Cooper was the director.

The BBC's Giles Cooper Awards, which were presented by Harold Pinter on Wednesday, have too little public estimation. Named for one of the best radio writers since radio drama began, they are given for the year's best original plays heard from the BBC. (And where else do radio plays come from?) Broadcast drama is more important than is sometimes realised. An evening play, repeated later in the week, may have been heard by as many listeners as would fill a West End theatre for a run of many years. As it happens four of this year's six winners (and four of last year's) were out on Radio 3, where the listening figures are lower; more people know about the awards, then the Radio 3 figure might go up.

This year's winners provide a miscellaneous dish. (They are published by Methuen, joint sponsors, at £10.95, 179 pages.) Two are half-hour jobs, Rhys Adrian's *Outpatient*, a wistful comic view of life in a hospital waiting-room, and James Saunders's *Menocchio*, a remarkable monologue for a 16th century Italian peasant at odds with the Inquisition. David Pownall's *Ploughboy Monday* (my personal favourite of the six) deals movingly with a boy's determination to get even with his father.

Michael Wall's *Hiroshima the Movie* follows a freelance television team at work on documentary; *King Canute*, by Barry Collins, takes a quirky view of an ill-starred troubadour in his quest for suicide. *Three Attempted Acts*, by Martin Crimp, is a series of three weird three-actor affairs in which one player is nude, or almost. None of these plays would have been conceived for the stage (though *Three Attempted Acts* has been played, in a different version). The point about radio drama is that it is an art of its own; and as we can see from these prize winners, it is capable of stimulating high quality invention, execution and variety.

B. A. Young

Songs from three generations

Records

Fischer-Dieskau, with Gerald Moore: Salzburg Festival recitals, 1957-1965. Orfeo S 140 855 R (five monaural records).

Julius Patzak, with Michael Raucheisen and with Strauss/Bavarian State Opera and Krauss/Vienna State Opera: Schubert and Strauss *Lieder*. Acanta 40.22 055.

Olaf Bär, with Geoffrey Parsons: Schumann's *Dichterliebe*, and *Liederkreis* op. 39. HMV EL 270364-1 (also on cassette and CD).

Nielsen: Springtime in Funen. Suite from *Aladdin*. Inga Nielsen, Kim von Binzer, Jörgen Klint, Vetö/Odense Symphony. Unicorn-Kanchana DKP 9054 (also on cassette and CD).

John Buller: The Theatre of Memory. Elder/BBC Symphony. Unicorn-Kanchana DKP 9045. With *Proença* (Sarah Walker, Timothy Walker, Elder/BBC) on cassette.

First *Lieder*: there are three important releases, by greatly distinguished singers of three different generations. Dietrich Fischer-Dieskau's is monumental, an album consisting of five Salzburg Festival recitals with Gerald Moore. Each was a one-composer recital—Schubert in 1957 (the earliest here), Brahms, Schumann, Wolf, and in 1965 Beethoven. The quality of the monaural sound is excellent (the Mozarteum acoustic is famously friendly to *Lieder*), and the performances are altogether as rewarding as one hoped.

It was a period more or less between the times when Dieskau was making studio recordings most intensively, so avid collectors will be fascinated even by familiar party-pieces known from his earlier and/or later years. (But it is amusing to find that the occasional over-vehement push, something we all think of as a late Dieskau tic, is prominent throughout his 1958 Brahms. Apparently we didn't mind it, back then.) The generous representation each composer gets always includes unhackneyed songs—in Schumann's case the op. 35 Kerner set (the mawkish Kerner poesy is nowadays indigestible, and worse) to go with his ever-[illegible] of the same year.

One mentions the texts because Dieskau of course gives them maximum value. The records prove that his magnificently scrupulous diction is not just a studio achievement and it is exciting to hear him using it before a concert audience with some extra spur-of-the-moment drama that a studio might have discouraged. The Wolf recital boasts much of that; in Brahms, his acutely intelligent articulation compensates for over-stressed lines (shown up by Moore's correctly smooth, stately playing). The Schubert programme covers a masterly range, full of treasures. Really vintage Dieskau: plenty of eager vitality and freshness in the voice still, but also newly mature depths and darker colours to exploit.

The great tenor Julius Patzak (1898-1974) is heard again in Schubert (with the admirable Michael Raucheisen) and with [illegible] in Richard Strauss. The latter selection includes three songs conducted by Strauss himself, and therefore enormously interesting (the recording—wartime? — sounds clear and faithful) over and above the honest delights of Patzak's singing. Strauss keeps his Munich orchestra light, sufficiently detailed, and in two more songs the Viennese orchestra under Krauss matches them. Patzak is as always uncannily natural, almost conversational: without strenuous display, his long phrases are faultlessly shaped. The nervy, committed Dieskau style was still a generation away.

The young East German baritone Olaf Bär belongs to a third generation: the present one, imbued with reverent awe for the *Lied* tradition—their teachers have been Dieskau and Dr Schwarzkopf—to the danger-point of self-effacement, and a reluctance to admit publicly that singing is *fun*. Bär achieves a happy, precocious balance; he is just what we have been needing. In Schumann's *Dichterliebe* and the *Liederkreis* he is soberly attentive to the texts, but buoyantly lyrical too. Where his youthful ring is a trump virtue, he uses it with intent; and yet his whole concern is with Schumann and Eichendorff and Heine, who are rendered sensitively and objectively. The vulnerable appeal of the voice complements this well-educated care for the songs quite beautifully.

The Danish composer Carl Nielsen was, like Mahler, pulled at one and the same time toward the appeal of the individual voice and toward the grand communicative scope of massed forces. There is no settled opinion yet about his success at those extremes (though I count the Wind Quintet, a vivid character-play, as a masterpiece); but his folk-ish *Springtime in Funen*, a big cantata dressed with individual voices in local-colour episodes, is extraordinarily disarming and unpretentious. Pure pleasure, even: it is manifestly heartfelt, relaxed, craftsmanly — perfect summer-evening listening.

Finally, a cassette bargain (Unicorn-Kanchana DKP (C) 9045) that includes both John Buller's abstractly folk-based *Theatre of Memory*, a symphonic piece, and his imposing Prom success *Proença*, a huge, dramatic lament for Sarah Walker on the death of a culture—old Provençal, represented in troubadour poems. Miss Walker's virtuosity is colossal, and the dramatic impact is struck home by the sensational electric-guitar part for Timothy Walker: a scathing modern irruption which sets the whole work in a sharp contemporary perspective. The *Theatre of Memory* LP is for aficionados who already have *Proença*; newcomers can treat themselves to all this potent, pungently original music on one cassette.

David Murray

Solution to Chess No 625

1 . . . P-B4! (threat Q-N5 mate); 2 RxR ch (if 2 QR-N1, Q-K5 ch with a decisive attack), K-B2; 3 B-Q4, N-K4 ch; 4 BxN, Q-K5 ch! and White resigned because of 5 K-N3, Q-N5 ch; 6 K-R2, RxP mate.

A Letter from the Front Line

No crying in Argentina

IT WAS 72 years ago when Britain last engaged an enemy on the football field. That was Christmas 1914, when British and German troops emerged from their trenches to shoot goals, rather than bullets at each other in no-mans-land, in a display of festive charity unimaginable on today's football terraces.

Tomorrow, with formal hostilities still in force after the Falklands war, Argentinians and English will emerge from their changing rooms and engage each other in a head-on confrontation for the first time in four years—this time not in the South Atlantic but in the Aztec Stadium in Mexico City.

Instead of jumpjets and exocet missiles, nationalist fans will be treated to the side-winding shots of Gary Lineker, the leading goal scorer in the 1986 world cup and the light-footed turf-skimming dribbles of Diego Maradona, the star and captain of the Argentinian team.

On the football field professionalism can be expected to predominate over the politics. Commentary in the Argentinian press has echoed their players' respect for the English team, and to their credit the papers have eschewed the shrill nationalism that seems to have captured the mood of many of the British tabloids, concentrating instead on analysing the strengths and weaknesses of the two sides.

"The Malvinas will be recovered in the United Nations, not on the terraces," commented one daily paper. However, not all seem to share that view. Unlike the ping-pong diplomacy of the Nixon years, which brought about a re-opening of relations between China and the US, the same cannot be expected of the football fans of England and Argentina. Flag burning incidents and insult-trading on the terraces at earlier matches have already inflamed moods and raised fears about possible confrontations between the thousands of supporters of both sides in Mexico City.

Back in Argentina, the World Cup has certainly brought people together in the first display of national unity since 1982. Then, as during the 1978 World Cup which was hosted in Argentina at the height of brutal repression by the military junta against its left-wing opponents, the festive mood took people's minds off the political and economic problems around them. "Bread and circuses" it is still called in Argentina. Prisoners who survived that period recall hearing the roars of crowds in the nearby stadiums as their fellow prisoners screamed while being tortured to death only a few cells away.

Today the military leaders are in prison, or in disgrace, but the economic problems still haunt the political panorama during this year's World Cup.

In a country where televisions are still an expensive luxury for most people, cafés, bars and restaurants have become jammed to capacity during live transmissions of the matches. Service in the shops becomes impossible where a transistor radio crackles by the cash till in the middle of an Argentine game. Television sets and loudspeakers have even been installed in banks and post office windows "for the duration" in the commercial centre of the capital.

The World Cup, like the Falklands war, is an issue that has managed to grab more public attention than the monthly inflation rate figures, the cliff-hanging IMF negotiations, and the rising wave of industrial action throughout the country. Economic woes are forgotten while Maradona dazzles the world.

As Antonio Rattin, the former Argentinian captain who was sent off the field in a controversial decision during the last Argentina-England playoff in the 1966 World Cup has already warned, "What surprises me about the Argentinian team is that so much depends on just one player."

Tim Coone

Century on the sacred lawn

As the crowds gather, John Barrett reflects on Wimbledon's yesterdays and looks at today

ON MONDAY the All England Lawn Tennis and Croquet Club at Wimbledon will be staging their 100th Lawn Tennis Championships. Rather, it will be the 100th men's singles championship but only the 93rd for women whose singles did not begin until 1884, seven years after the men.

So it is the right time to remember some of the characters who helped to turn an amateur tournament for Victorian ladies and gentlemen into a multi-million pound industry which annually contributes a surplus in excess of £5m to the Lawn Tennis Association.

Commander George Hillyard was another key figure. Besides being secretary from 1907 to 1924 he masterminded the move in 1922 from the Worple Road ground to the present site in Church Road. Hillyard forged the strong links with the Royal family, important elements in Wimbledon's success.

As an officer on Britannia, Hillyard got to know the Prince of Wales and had brought him, with Princess Mary, to Worple Road for the first time in 1907. For two years the Prince served as president of the club and, when he became George V, as patron from 1910-35.

The next club chairman, Sir Louis Greig (1937-53) had been Equerry to the Duke of York (later George VI) and had played doubles with him at Wimbledon in 1926—the only occasion when a member of the Royal family competed.

In 1929 the Kent family began their long association with the club. Prince George became president until his death in an air crash in 1943 when he was succeeded by the Duchess of Kent (Princess Marina). In 1969 the present Duke became president and he still takes a personal interest in the club's affairs.

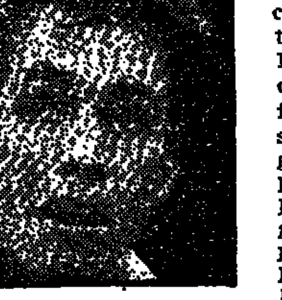
The influence on tennis world-wide of Herman David, chairman from 1959-74, was immense. He led the crusade for Open Tennis that was finally achieved in 1968 after that memorable BBC2 Professional tournament in 1967, won by Laver from Rosewall, had persuaded the International Federation that Britain would go it alone to end shamateurism.

Many are the players who have contributed to Wimbledon's success. The two who helped to establish the women's game were Lottie Dod ("The Little Wonder") who won the first of her five singles titles at the age of 15, and Dorothea Lambert Chambers, a seven-time winner whose dramatic defeat by the 20-year-old French star Suzanne Lenglen after holding two match points in the 1919 Challenge Round when she was 41 was a milestone in the game's history.

Since the war the male superstars have been the Australians Lew Hoad (1956 and 57), Rod Laver (1961-62, 68, 69), Roy Emerson (1964 and 65) and John Newcombe (1967, 70, 71) and the record breaking Swede Bjorn Borg, whose five successive titles between 1976 and 1980 are a modern record. To them must be added the name of John McEnroe whose genius, tragically flawed, has nevertheless lifted the game to new heights.

The women have produced great champions from America —Louise Brough (1948, 49, 50, 55), Maureen Connolly (1952, 53, 54), Billie Jean King whose record 20 titles (six singles, ten doubles, four mixed doubles) may never be equalled and Chris Evert Lloyd (1974, 76, 81), plus the Czech born US citizen Martina Navratilova, who won for the sixth time last year.

BATTLE OF LENDL AND THE GRASS ROOTS



Ivan Lendl

WHO WILL coin this year's championships. The men's seems to be the most open for years. Ivan Lendl, the Czech world champion, is the official favourite but has not really served his apprenticeship on grass courts. Practising these last two weeks with his Australian coach Tony Roche on the grass at Forest Hills (he imported 30 dozen balls for the purpose) is no substitute for match play at Queen's Club or Bristol.

He may find either Johan Kriek (seeded 16) in the fourth round or Tim Mayotte (10) in the quarter final too good. Mayotte's success at Queen's last week will encourage his supporters that at last he has the belief to improve upon his previous two quarter-final and one semi-final finishes.

Jimmy Connors (3) at 33 and with a groin injury must surely struggle to survive to the last day—particularly with Kevin Curren (11) as his quarter final opponent, but if he does, do not underestimate him.

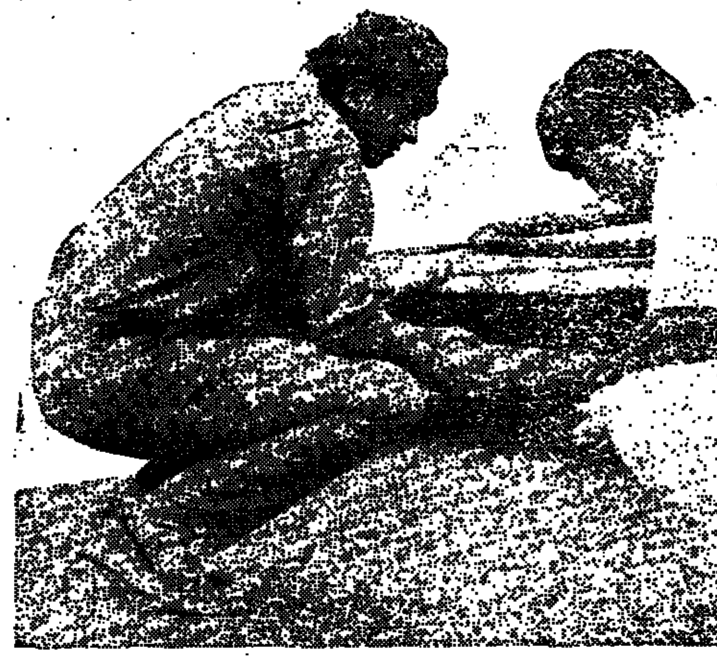
In the lower half Edberg (5) has an awkward second hurdle in Paul Annacone and the winner should face the holder Boris Becker (4) in the last eight. Henri Leconte (7) has the flair to win but whether he has enough steel is questionable. Mats Wilander (2) might well lose his opening match to the American Scott Davis.

Navratilova seems to me to be a racing certainty to win a fifth successive title and seventh in all. Although her form is not as good as last year's she has a lot in hand on grass. With Mrs Lloyd's magnificent form in Paris as a guide we may be destined to see her playing Martina for the sixth time in a final.

My only caveat is that the talented Czech Hana Mandlikova could beat anyone on her day —including herself. That is her problem. What a pity that young Steffi Graf has had to withdraw with a fever — her talent will be sorely missed.

Gatting's bed of nails

Trevor Bailey reports on the Indian summer at Headingley



Gower and Gatting get together

MIKE GATTING is leading England for the first time at Headingley this week. I see no reason why he should not prove to be a competent leader. Under his command, Middlesex have done well but the fact that they are the strongest and best-balanced county side has helped him considerably.

The task confronting him is to beat the Indians twice in the present series, and he has got off to an absolutely dreadful start.

Confronted by an Indian total of 272, in no small way due to a late flourish, the new-look, and. one hoped, rejuvenated England team was confidently expected to obtain a first-innings lead. It did not work out that way as they collapsed to 71 for 8 before some accurate, but surely not that deadly, seam bowling, and were eventually dismissed for 102.

It demonstrated two things: first, that the Indian seam bowlers have greatly improved as a result of one-day cricket, and Madan Lal, not originally selected for the tour and brought in from the Lancashire League, did remarkably well, and secondly, that a number of the English batsmen paid the penalty of employing incorrect technique.

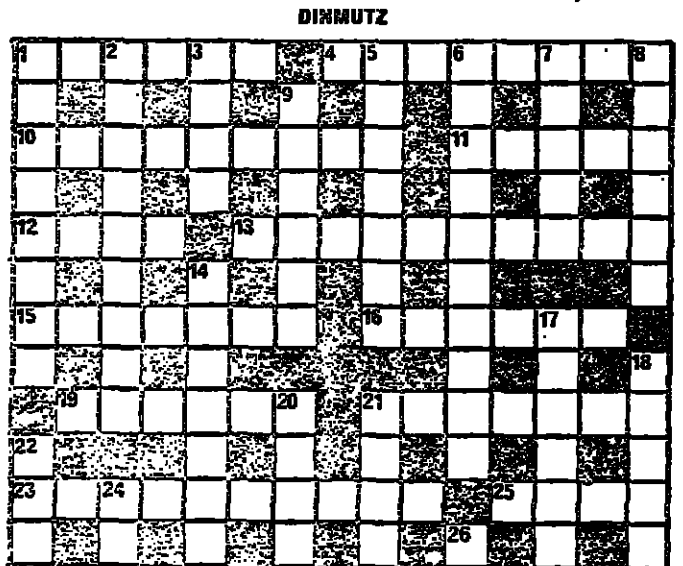
Just like a football manager, a cricket captain who fails to produce the right results can, even if his failure has largely been due to a weak side or exceptional opposition, expect the bullet. But the people who appointed him and then did not provide sufficient back-up usually remain to make further mistakes. So it came as no surprise when David Gower was replaced. Where our selectors blundered was in the manner and the timing of their decision.

The real Caribbean disaster was not our 5-0 defeat, but the abject way in which we lost. It left Peter May and company with two alternatives, to choose another skipper immediately or to appoint Gower for three Tests against India. He had led England with varying degrees of success in over 20 Tests by which time they presumably had some idea of his strengths and weaknesses. One of his greatest assets was that the responsibilities of office, unlike the case of Ian Botham, did not affect his form as a player, as he demonstrated with a flow of golden runs when regaining the Ashes last summer. He was also our most successful batsman in the West Indies.

The selectors most unfairly put Gower on what amounted to a public trial, giving him two one-day internationals, which meant nothing, and one Test. This decision can only have created further uncertainty in a dressing room still licking its wounds from that West Indies thrashing and containing several players who were struggling to retain their place. The outcome at Lord's was one of the most depressing batting performances I have ever seen given by our national team for which the selectors are probably more to blame than their captain.

F.T. CROSSWORD PUZZLE No. 6,053

DINMUTZ



Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

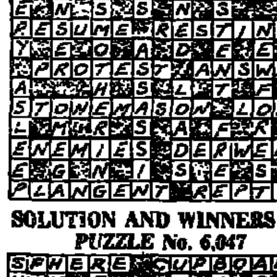
ACROSS

1 Lake would develop this English market-town (6)
4 Water in deep at resort? On the contrary! (4-4)
10 Club for a knave? (9)
11 Setback for Trevino, not getting in Open (5)
12 Sea eagle seen in another nest (4)
13 Air Force bandsman on a sliding-scale (10)
15 Pitch grass Americans call lush (7)
16 The rest of the day (6)
19 Rise of Anglo-Saxon coin ... (5)
21 ... this country has a mind to retain it (7)
23 Short, clean sort of dance (10)
25 Lies about and pines, say (4)
27 Man on tailless chopper is a gnome (5)
28 Policy women tend to convert (9)
29 Nefertiti was, for example, sort of painty (8)
30 Not quite farrier to the queen, but a big hitter (6)

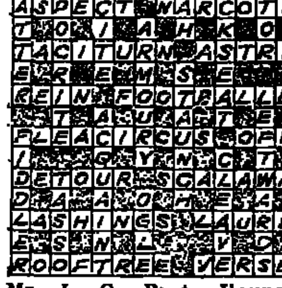
DOWN

1 Song-book? (8)
2 Spotting the trouble or spotting the trouble? (9)
3 Classic trees (4)
5 Some ski about looking for seals (7)
6 Looking good in print? (10)
7 Old English chariot-race led by Olympic finalists (5)
8 Being a kind of card I'd lost (6)
9 Standard decline of Captain Flint, for instance (6)
14 Seventy, possibly, on the way? (5, 5)
17 Rain's somehow got into tent, but it won't last long (9)
18 Pangolin as consumer supporting a National Trust (8)
20 Is it laid down according to Mosaic Law? (7)
21 Inferior ways in Norfolk? (6)
22 Thinly-spread butter and jam (6)
24 Friendship—little woman embraces it (5)
26 How to get on in Bath? (4)

SOLUTION TO PUZZLE No. 6,052



SOLUTION AND WINNERS OF PUZZLE No. 6,047



Mr J. C. Burt, Hounslow, Middlesex.
Mr J. L. Cope, London SW6.
Mrs M. L. Hay, Hale, Cheshire.
Mr L. P. Knight, Paignton, Devon.
Mrs E. Morrice, Balmedie, Aberdeen.

TELEVISION AND RADIO

SATURDAY

Live coverage of World Cup quarter-finals' matches means that programmes may be altered.

†Indicates programme in black and white

BBC 1
8.30 am The Saturday Picture Show. 10.55-5.05 pm Grandstand, including Cricket: Second Test. International Tennis. Racing from Ascot. International Show Jumping and Football: World Cup quarter-finals. 5.05 News: *Weather News.* 5.15 *Regional Programmes.* 5.20 The Dukes of Hazard. 6.05-6.35 Sorry! 6.35 Film: Topkapi. 8.35 News and Sport; Weather News. 8.50 The Bob Monkhouse Show. 9.30 Cagney and Lacey. 10.20 World Cup Grandstand. 12.55-1.00 am Weather.

BBC 2
2.00 pm †Film: I Live in Grosvenor Square. 3.50 Laramie. 4.40 Cricket: Second Test. 6.20 Horizon: The Goddess of the Earth. 7.10-7.50 Newsview: Weather. 7.50 Orkney Premiere. 9.50 Cricket: Second Test. 10.20 Film: *Thunderbolt and Lightfoot.* 12.10-1.05 am International Tennis.

LONDON
9.25 am Get Fresh! 11.30 Terrahawks. 12.00 News. 12.05 pm Wrestling. 1.00 The Undefeated. 3.00 International Athletics. 4.50 News. 4.55 *Robin of Sherwood.* 5.50 The Price is Right. 6.40 World Cup 86. 9.00 News and Sport. 9.15 Shades of Darkness. 10.15 Private Benjamin. 12.15 am LWT News Headlines followed by Robert Redford talks to Melvyn Bragg about ordinary people. 12.50 Special Squad. 1.40 *Night Thoughts.*

CHANNEL 4
1.00 pm ECO. 1.25 Birds of Britain. 1.55 †The Great Victor Herbert. 3.40 †Whistling in the Dark. 5.05 Brookside Omnibus. 6.00 Right to Reply. 6.30 *News Summary and Weather followed* by Streets Ahead. 7.00 The Sons of Abraham. 7.30 Assignment Adventure: Flight of the Wind Horse. 8.30 Pottery Ladies. 9.00 The Scarlet Letter. 10.00 Hill Street Blues. 11.00 †Billy Budd (1962).

S4C WALES
1.00 pm Jazz in the Afternoon. 2.05 Jazz is our Religion. 3.00 †Film: The Citadel (1938). 5.05 Land of the Eastern Borders. 6.05 Marco Polo. 7.05 Mother and Son. 7.35 Newyddion. 7.45 Pwy Sy'n Perthyn? 8.15 Noson Lawen. 9.30 Cynhadledd '86. 9.40 The Cosby *Show. 10.10 Sinfonietta. 10.55 †Film:* The Desperate Hours (1955).

IBA Regions as London except at the following times:

ANGLIA
12.45 am At the end of the day.

BORDER
As London unless subject to World Cup changes.

CENTRAL
1.00 pm Cartoon Time. 1.05 Film: The Riddle of the Sands.

CHANNEL
11.30 am International Athletics. 11.59 Today's Weather. 1.00 pm Cartoon. 1.05 Riddle of the Sands. 12.45 am Freeze Frame. 1.15 Weather Outlook.

GRAMPIAN
12.45 am Cricket Results followed by Reflections.

GRANADA
1.00 pm Cartoon Time. 1.05 The Riddle of the Sands. 12.15 am Huey Lewis and the News. 1.10 Tales from the Darkside.

HTV
11.58 am HTV News. 12.45 am HTV *Weather.*
HTV Wales—as HTV.

SCOTTISH
12.15 am Late Call.

TSW
1.05 pm Film: The Riddle of the Sands. 4.55 TSW News. 12.45 am Postscript. 12.50 South West Weather and Shipping.

TVS
1.00 pm Cartoon Time. 1.05 The Riddle of the Sands. 12.45 am Freeze Frame. 1.15 Company.

TYNE TEES
12.15 am Poetry of the People.

ULSTER
1.00 pm Cartoon. 1.05 Film: The Riddle of the Sands. 4.53 Ulster News. 9.12 *Ulster News* and Weather. 12.15 am Sports Results. 12.20 News at Bedtime.

YORKSHIRE
As London unless subject to World Cup changes.

(S) Stereo on VHF

BBC RADIO 2
6.00 am Steve Truelove (S). 8.05 David Jacobs (S). 10.00 Sounds of the 60s (S). 11.00 Album Time with Peter Clayton (S). 1.00 pm Barrymore Plus Four. 1.30 Cricket, Athletics, Tennis, Racing from Ascot and Golf. 6.00 Jimmy Young Presents Two's Best. 7.00 Spinners and Friends. 7.30 Radio 2 Festival of Music (S). 10.05 Martin Kelner (S). 12.05 am Night Owls with Dave Gelly (S). 1.00 Jean Challis *presents Nightride (S).* 3.00-4.00 A Little Night Music (S).

BBC RADIO 3
7.00 am News. 7.05 Aubade (S). 9.00 News. 9.05 Record Review (S). 10.15 Stereo Release (S). 11.20 Cleveland Orchestra, conducted by George Szell: Schubert's Unfinished and Mahler's Lied von der Erde (S). 1.00 pm News. 1.05 Consort of Musicke performs Monteverdi, Luca Marenzio and Sigismondo d'India (S). 2.00 Beethoven and Tippett: Piano sonatas (S). 3.00 English Chamber Orchestra: Handel, Spohr, Dvorak, Haydn and Strauss (S). 5.00 Jazz Record Requests *(S). 5.45 Critics' Forum. 6.35 Music* for Organ (S). 7.05 Parikian/Milne/Fleming Trio: Piano trios by Dvorak and Ireland (S). 8.00 St Magnus Festival 1986. Royal Philharmonic Orchestra/Previn. Part 1: Mendelssohn, Maxwell Davies (Violin Concerto—first performance) (S). 8.50 The Exiles: Poetry. *9.10 Concert, part 2: Vaughan Williams,* Mendelssohn (S). 9.50 Shell of Surpassing Brightness. Arabic poetry. 10.15 Beethoven and Debussy: Alban Berg Quartet (S). 11.10 Good Bits and Sad Bits. Short story. 11.25 *Dietrich Fischer-Dieskau and Hermut* Holl: Songs by Berg and Schoenberg (S). 11.57-12.00 News.

Dorothy Tutin and Amanda Waring in Shades of Darkness, ITV, 9:15 pm

BBC RADIO 4
6.30 am News; Farming Today. 6.40 Prayer for the Day (S). 6.55 Weather; Travel. 7.00 News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective. 7.50 Down to Earth. 7.55 Weather; Travel. 8.00 News. 8.10 Today's Papers. 8.15 Sport on 4. 8.48 *Yesterday in Parliament. 8.57 Weather:* Travel. 9.00 News. 9.05 Breakaway. 9.50 News Stand. 10.05 The Week in Westminster. 10.30 Loose Ends. 11.30 From Our Own Correspondent. 12.00 News: Money Box. 12.27 pm The News Quiz (S). 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News: The Afternoon Play (S). 3.30 News; Travel; Rainbow's End. 4.00 The Countryside in Summer. 4.45 Feedback. 5.00 The Living World. 5.25 Week Ending. 5.50 Shipping Forecast. 5.55 Weather; Travel. 6.00 News; *Sports Round-up.* 6.25 Stop the Week (S). 7.00 Saturday Night-Theatre (S). 8.30 Baker's Dozen (S). 9.30 Thriller! 9.58 Weather. 10.00 News. 10.15 Evening Service (S). 10.30 Soundings. 11.00 Horse Science. 11.30 The Cabaret Upstairs (S). 12.00-12.15 am News; Weather. 12.33 Shipping Forecast.

WORLD SERVICE
BBC World Service can be received in Western Europe on Medium Wave 648kHz (463m) at the following times GMT:

6.00 am Newsdesk. 6.30 Meridian. 7.00 World News. 7.09 Twenty-Four Hours. 7.30 From the Weeklies. 7.45 Violation. 8.00 World News. 8.09 Reflections. 8.15 A Jolly Good Show. 9.00 World News. 9.09 Review of the British Press. 9.15 The World Today. 9.30 Financial News. 9.45 About Britain. 10.00 News Summary. 10.01 Here's Humph! 10.15 Letter from America. 10.30 People and Politics. 11.00 World News. 11.09 News About Britain. 11.15 Sportsworld. 11.30 Meridian. 12.00 Radio Newsreel. 12.15 pm Anything Goes. 12.45 Sports Roundup. 1.00 *World News. 1.09 Twenty-Four Hours.* 1.30 Saturday Special. 2.00 News Summary. 2.01 Saturday Special. 3.00 Radio Newsreel. 3.15 Saturday Special. 4.00 World News. 4.15 Saturday Special. 5.45 Sports Roundup. 6.00 World News. 6.09 Twenty-Four Hours. 8.30 Jazz for the Asking. 9.00 News Summary. 9.01 Sportsworld. 9.15 What's New. 9.30 People and Politics. 10.00 World News. 10.09 From Our Own Correspondent. 10.30 New Ideas. 10.40 Reflections. 10.45 Sports Roundup. 11.00 World News. 11.09 Commentary. 11.15 A Perfect Spy. 11.30 Hollywood's Oscar Nights. 12.00 World News. 12.09 am News About Britain. 12.15 Radio Newsreel. 12.30 Baker's Half Dozen. 1.00 News Summary. 1.01 Play. 2.00 World News. 2.09 Review of the British Press. 2.15 Sportsworld. 2.30 Album Time. 3.00 World News. 3.09 News About Britain. 3.15 From Our *Own Correspondent.* 4.45 *Reflections.* 4.50 Financial Review.

SUNDAY

Live coverage of World Cup quarter-finals matches means that programmes may be altered.

†Indicates programme in black and white

BBC 1
6.55 am Play School. 9.15 Asian *Magazine. 9.45 Sunday Worship.* 10.30 The Great Palace: The Story of Parliament. 11.20 Micro File. 11.45 The Learning Machine. 12.10 pm Family History. 12.35 Farming. 12.58 Weather News for Farmers. 1.00 News Headlines. 1.05-1.55 Bonanza. 1.55 Cartoon. 2.00 EastEnders. 3.00 Cartoon. 3.05 The *Circus World Championships.* 4.05 Film: Pandora and the Flying Dutchman. 6.05 Rolf Harris Cartoon Time. 6.30 News: Weather News. 6.40 Home on Sunday. 7.15 Touched By Love. 8.45 Mastermind. 9.15 News: Weather News. 9.30-10.10 That's Life. 10.10 Choices. 10.50 World Cup Grandstand. 12.55-1.00 am Weather.

BBC 2
1.55-6.50 pm Sunday Grandstand, Including Cricket, International Show Jumping, World Cup Football and Boxing. 6.50 Foley Square. 7.15-8.05 The *World About Us. 8.05 Favourite Things.* 8.35 Who Am I This Time? 9.30 Grand Prix. 10.10 Film: Badlands. 11.40-12.20 am International Show Jumping.

LONDON
9.25 am Wake Up London. 9.35 Woody and Friends. 9.45 Roger Ramjet. 10.00 Morning Worship. 11.00 Link. 11.30 Live and Learn. 12.00 Jobwatch. 12.30 pm Take 30. 1.00 Police 5. 1.15 The Smurfs. 1.30 Small Wonder. 2.00 Revelations. 2.30 LWT News Headlines followed by Against a Crooked Sky. 4.00 World Cup 86 Sport Special. 5.00 *The Campbells.* 5.30 Albion Market. 6.00 News. 6.10 Winner Takes All. 6.40 World Cup 86. 9.00 News. 9.15 Alfred Hitchcock Presents. 9.45 LWT News Headlines followed by Film: Ordinary People. 12.00 Midnight Imagination in Concert. 1.05 am Night Thoughts.

"On the Rails, Off the Rails" BBC-2, 7.15 pm

CHANNEL 4
1.10 pm Irish Angle presents Patterns. 1.35 The Making of Britain. 2.00 Kid's Kafe. †2.30 Music for Millions (1944). 4.45 Durrell in Russia. 5.15 News Summary and Weather followed by The Future of Things Past. 6.00 *The Apple. 6.15 Maids and Madams.* 7.15 Spirit of Whitby. 8.15 People to People presents In the National Interest. 9.15 Country Matters. 10.15 †Above us the Waves (1955). 12.05 am †From the Four Corners.

S4C WALES
6.30 pm Dread Beat an' Blood. 7.20 Newyddion. 7.30 Margaret Williams. *8.10 Yr Eisteddfod Wyllt.* 8.40 Campweithiau Carawl. 9.20 The Future of Things Past. 10.05 †Film: Thunder Rock (1942). 11.55 The Twilight Zone.

IBA Regions as London except at the following times

ANGLIA
11.00 pm The *Beverly Hillbillies.* 1.25 Weather Trends. 1.30 Farming Diary. 2.00 Revelations. 2.30 †Film: Happy is the Bride (1958). 12.00 Christians in Sport.

BORDER
1.00 pm The Prizewinners. 1.30 *Farming Outlook.* 2.30 Film: The Yellow Balloon (1952).

CENTRAL
1.00 pm The Adventurer. 1.30 Gardening Time. 2.30 Weekend Matinee: Posse from Hell. 10.00 Alfred Hitchcock Presents. 10.30 World Cup '86. 1.00 am *Central Jobfinder.*

CHANNEL
1.30 pm Video Club. 1.45 Report African Aid. 2.30 Sunday Matinee: The Stranger Came Home. 3.55 Puffin's Pla(i)ce. 12.00 Show Express. 12.30 am Weather Outlook.

GRAMPIAN
1.00 pm Farming Outlook. 1.30 The Spice of Life. 2.30 †Film: "Crooks Anonymous." 12.00 Reflections.

GRANADA
1.00 pm Sunday Matinee: "The Long Ships." 3.20 Cartoon Time: Bugs Bunny. 3.30 *Revelations. 12.00 Comedy* Tonight: "The British Are Coming."

HTV
1.00 pm Gardening Time. 1.30 Farming Wales followed by Weather for Farmers. 2.30 Sunday Matinee: "The Little Prince." 12.00 HTV Weather.
HTV Wales—as HTV.

SCOTTISH
1.00 pm The Glen Michael Calvacade. 2.00 Talkback. 2.30 Me and My Girl. 3.00 Horse in a Million. 3.30 Now You See It. 12.00 Late Call.

TSW
11.30 am The South West Week. 12.00 Jobwatch. 1.00 pm Gardens for All. 1.30 *Farming News. 2.30 Hart to* Hart. 3.30 Survival. 3.57 Gus Honeybun's Magic Birthdays. 12.00 Postscript Postbag. 12.05 am South West Weather and Shipping Forecast.

TVS
1.00 pm Agenda. 1.30 Enterprise South. 2.30 Sunday Matinee: The Stranger Came Home. 3.55 TVS News. 12.00 Show Express. 12.30 am Company.

TYNE TEES
1.00 pm Farming Outlook. 1.30 Northern Life—Sunday Edition. 2.30 Broken Arrow. 3.55 Regional News. 12.00 *Epilogue.*

ULSTER
1.00 pm The Longest Row. 1.58 Farming Weather. 2.30 Film: Pearl of the South Pacific. 6.08 Ulster News. 9.12 Ulster News and Weather. 12.00 Sports Results. 12.05 am *News at Bedtime.*

YORKSHIRE
1.00 pm The Smurfs. 1.15 The Lincolnshire Show. 2.30 Sunday Cinema: Up the Creek. 12.00 Late Night Drama: "When You See Arcturus." 12.30 am Five Minutes.

(S) Stereo on VHF

BBC RADIO 2
7.30 am Roger Royle (S). 9.05 Melodies for You (S). 11.00 Desmond Carrington (S). 2.00 pm Stuart Hall's Sunday Sport (S). 7.00 Non-stop *Stutz. 7.35 Sunday Serenade.* 8.00 Niall Murray Sings. 8.30 Sunday Half-hour. 9.00 Your Hundred Best Tunes. 10.05 Songs from the Shows. 10.30 Jazz Score. 11.00 Sounds of Jazz. 1.00 am Jean Challis presents Nightride (S). 3.00-4.00 A Little Night Music (S).

BBC RADIO 3
7.00 am News. 7.05 Occasional Mozart (S). 9.00 News. 9.05 Your Concert Choice (S). 10.30 Music Weekly (S). 11.15 Chilingirian Quartet: Haydn's Op 76 No 6 in E flat and Bartok's No 4 (S). 12.15 pm The Mastersingers of Nuremberg: Wagner's opera in English in the Sadler's Wells Opera in 1968. Act 1 (S). 1.50 Poetry Now. 2.10 The Mastersingers, Act 2 (S). 3.25 A Musical Friend. 3.45 The Mastersingers, Act 3 (S). 6.15 New Premises. 7.00 Liszt and the Piano: Alfred Brendel plays the Annees de Pelerinage (S). 8.05 Aldeburgh Festival *1986. Part 1: Purcell realised Britten,* Lutoslawski, Mozart (S). 8.50 Silence: Poetry and Prose. 9.10 Aldeburgh, Part 2: Schubert, Britten (S). 10.05 A Trip to Dublin. 10.25 Yossi Zivoni and Rosemarie Wright: Violin and piano recital (S). 10.55 Sterndale Bennett: Fantasy Overture: Paradise and the Peri and works by Schumann and H. H. Pierson (S). 11.57-12.00

BBC RADIO 4
6.30 am News: Morning has Broken. 6.55 Weather: Travel. 7.00 News. 7.10 Sunday Papers. 7.15 Apna Hi Ghar Samajhiye. 7.45 Bells on Sunday. 7.50 Turning Over New Leaves. 7.55 Weather; Travel. 8.00 News. 8.10 Sunday Papers. 8.15 Sunday. 8.50 The Week's Good Cause. 8.55 Weather; Travel. 9.00 News. 9.10 Sunday Papers. 9.15 Letter from America. 9.30 Morning Service. 10.15 The Archers. 11.15 Pick of the Week (S). 12.15 pm Desert Island Discs (S). 12.55 Weather. 1.00 The World this Weekend: News. 1.55 Shipping Forecast. 2.00 News: Gardeners' Question Time. 2.30 The Afternoon Play (S). 3.30 Enterprise. *4.00 News: The Food Programme.* 4.30 The Natural History Programme. 5.00 News: Travel. 5.05 Down Your Way. 5.50 Shipping Forecast. 5.55 Weather. 6.00 News. 6.15 Weekend Woman's Hour. 7.00 Travel: The Man Who Was Thursday (S). 8.00 Bookshelf. 8.30 Mr Marie Lloyd. 9.00 News; A *Word in Edgeways.* 9.30 Law in *Action.* 9.55 Weather; Travel. 10.00 News: Spanish Election Special. 11.00 Seeds of Faith, Baptism by Blood. 11.15 In Committee. 12.00-12.15 am News: Weather. 12.33 Shipping Forecast.

WORLD SERVICE
BBC World Service can be received in Western Europe on Medium Wave 648kHz (463m) at the following times GMT:

6.00 am Newsdesk. 6.30 Jazz for the Asking. 7.00 World News. 7.09 Twenty-Four Hours. 7.30 From Our Own Correspondent. 7.45 *Sportsworld.* 8.00 World News. 8.09 Reflections. 8.15 The Pleasure's Yours. 9.00 World News. 9.09 Review of the British Press. 9.15 Science in Action. 9.45 The Piano Roll. 10.00 News Summary. 10.01 Short Story. 10.15 Classical Record Review. 11.00 World News. 11.09 News About Britain. 11.15 From Our Own Correspondent. 11.30 Baker's Half Dozen. 12.00 News Summary. 12.01 pm Play: The Dissolution of Marcus Fleishman. 1.00 World News. 1.09 Twenty-Four Hours. 1.30 Sports Roundup. 1.45 The Tony Myatt Request Show. 2.00 News *Summary.* 2.30 *Raffles.* 3.00 Radio Newsreel. 3.15 Concert Hall. 4.00 World News. 4.09 Commentary. 4.15 The Human Voice. 5.45 Sports Roundup. 8.00 World News. 8.09 Twenty-Four Hours. 9.00 News Summary. 9.01 Sportsworld. 9.15 The Pleasure's Yours. 10.00 World News. 10.09 The Time Machine. 10.25 Book Choice. 10.30 Financial Review. 10.40 Reflections. 10.45 Sports Roundup. 11.00 World News. 11.09 Commentary. 11.15 Letter from America. 11.30 A Word in Edgeways. 12.00 World News. 12.09 am News About Britain. 12.15 *Radio Newsreel.* 12.30 Religious Service. 1.00 News Summary. 1.01 A Woman of No Importance. 1.45 Pied Piper. 2.00 World News. 2.09 Review of the British Press. 2.15 Sportsworld. 2.30 Science in Action. 3.00 World News. 3.09 News About Britain. 3.15 Good Books. 4.45 Reflections. 4.50 Waveguide.